

DADY & GARDNER, P.A.

T R I A L L A W Y E R S

Lawyers for franchisees...

Andrew M. Malzahn

Attorney

Direct: 612-359-5481

ahaff@dadygardner.com

5100 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Office: 612-359-9000
Fax: 612-359-3507
www.dadygardner.com

November 2, 2016

Via Certified Return Receipt U.S. Mail and Email

Jayson Pearl
BrightStar Franchising, LLC
1790 Nations Drive
Suite 105
Gurnee, IL 60031
Jayson.Pearl@BrightStarcare.com

Re: 2016 Early Renewal Proposal to Franchisees

Dear Mr. Pearl:

We have reviewed BrightStar's Amended 10/24/2016 Franchise Agreement. The franchisees we represent (the "Franchisees") are appreciative of the non-monetary changes BrightStar has offered in the Amended 10/24/2016 Franchise Agreement. However, the issue of fees (namely, the Royalty/Continuing Fee, the General Marketing Fee and the ABS Fee) continues to be a road block.

The Franchisees have conducted an internal survey to evaluate their revenue and net income percentages under their current terms, and under the Early Renewal terms. A representative sample of 55 Franchisees with revenues ranging from \$1MM to \$6.8MM responded to the survey. The results show that the current terms put 76% of the Franchisees' net income percentage below 10% (the break-even point) and that the Early Renewal terms would put 89% of the Franchisees' net income percentage below 10%. A summary of the survey findings is attached.

Therefore, based upon the input we have received from the Franchisees, absent a significant reduction in the Royalty/Continuing Fee, the General Marketing Fee and/or the ABS Fee, we cannot recommend the Franchisees execute BrightStar's Early Renewal Addendum. If, however, BrightStar agrees to significantly reduce the Royalty/Continuing Fee, the General Marketing Fee and/or the ABS Fee under BrightStar's Early Renewal Addendum, we would strongly recommend our entire group of Franchisees (now totaling more than 70 Franchisees) sign the required early renewal documents.

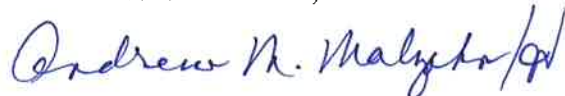
Please take some time to consider a reduction to the Royalty/Continuing Fee, the General Marketing Fee and/or the ABS Fee under BrightStar's Early Renewal Addendum. We recognize

Jayson Pearl
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that BrightStar has set November 4, 2016 as the deadline for the Franchisees to enter into the Early Renewal Addendum. With due respect to BrightStar's need to process early renewals before year end, we request an extension to the deadline of November 4, 2016, to November 18, 2016. The decision to execute the Early Renewal Addendum, which binds the Franchisees to a more than 10-year contract is, quite obviously, a very important matter for the Franchisees. Additional time to resolve the Franchisees' concerns with the Royalty/Continuing Fee, the General Marketing Fee and/or the ABS Fees, and allow the Franchisees to make a truly informed decision before making this long-term investment, is necessary in this case, and should be granted as a showing of good faith. Please let me know whether BrightStar is interested in engaging in discussions about a revised fee structure, and whether BrightStar will extend the early renewal deadline to November 18, 2016. Thank you.

Sincerely,

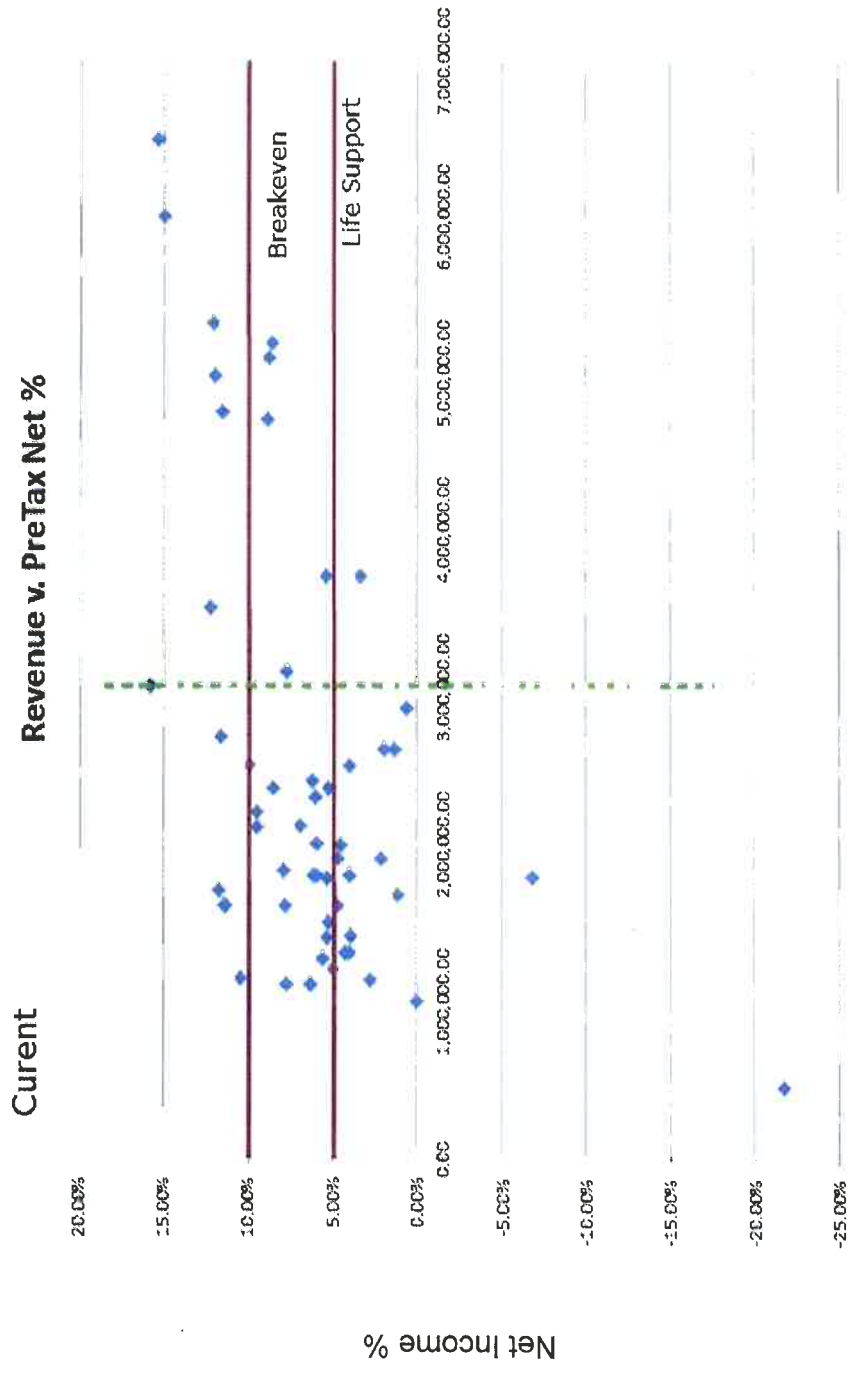
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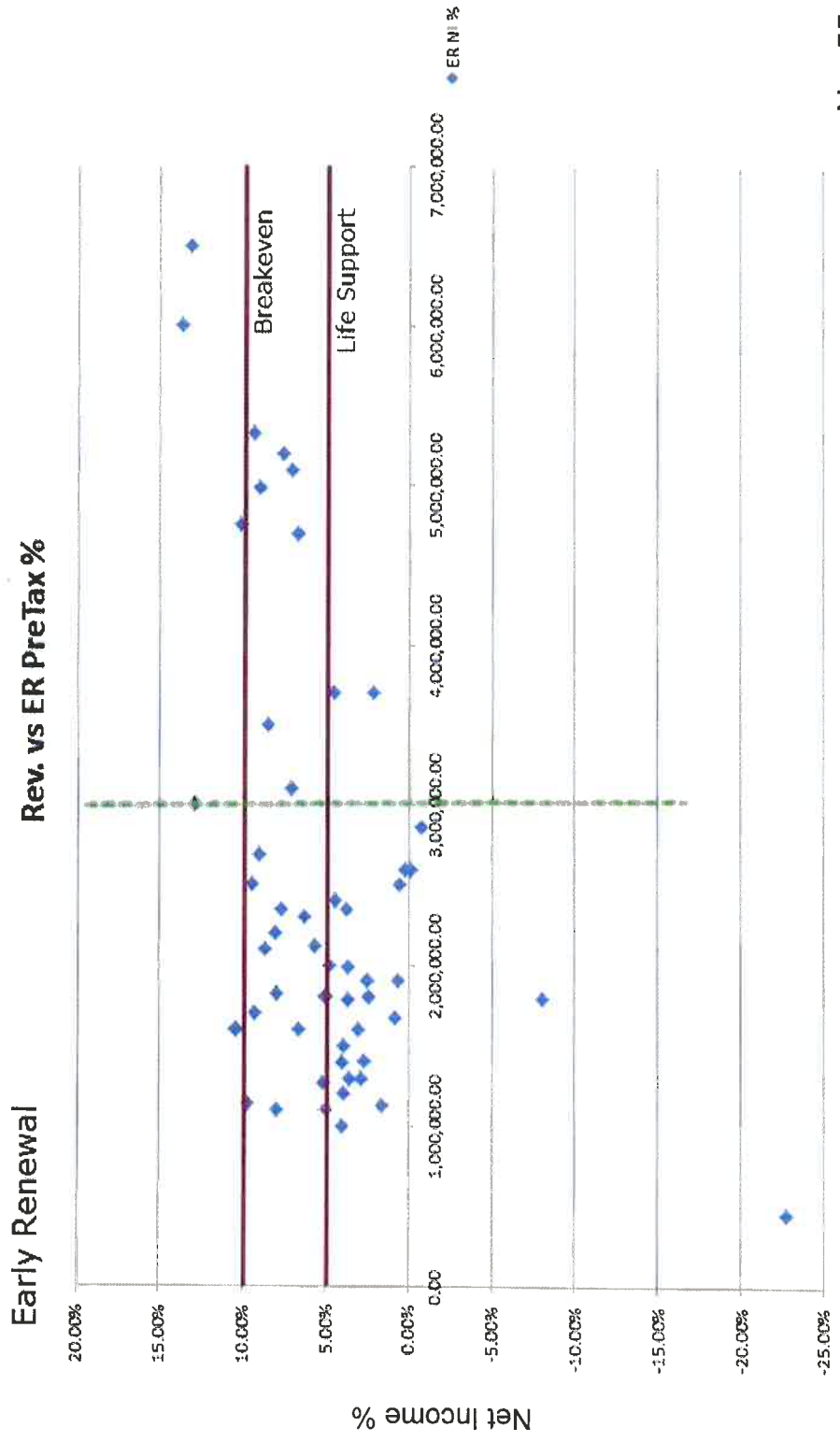


Andrew M. Malzahn
Jeffery S. Haff

JSH/jmv
Enclosure

cc: Stuart Hershman (via email)
Thom Gilday (via email)
Shelly Sun (via email)





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