

**From:** Thom Gilday  
**Sent:** Wednesday, November 02, 2016 5:47 PM  
**To:** Franchisees  
**Cc:** Shelly Sun; SeniorLeadership; Field Support Group - Corp  
**Subject:** Early Renewal / Extension Offering

Good afternoon,

I hope this email finds everyone well. I wanted to provide a quick reminder that the deadline for submitting your Early Renewal / Extension Decision Confirmation Form is 11:59pm on Friday, November 4<sup>th</sup>. The purpose of this election form is to provide an indication to us of your desire to move forward with either the Early Renewal or Extension in good faith. There is a significant workload involved in preparing all the necessary documents for each franchise owner who elects to renew early or extend their franchise agreement(s) so we are working on a very tight timeline. Once you submit your decision confirmation form, you will still have 7 to 14 days to gain greater clarity on the terms and conditions of these programs while we prepare the documents. We want to ensure you have ample time to understand the concessions we've recently made and the benefits you will derive from renewing (or extending) now rather waiting to renew on the then current form of agreement.

**To recap the Early Renewal / Extension program:**

- We've reduced Fees paid to the Franchisor: When you compare the 2016 renewal/extension agreement to the past few years, it's a fact that we've significantly decreased the fees that a Franchisee pays to BrightStar Franchising. We introduced reduced minimums, royalty step downs and technology fees caps. The only fee that has increased is the base GMF fee, but with the new step downs as your revenue increases. Many franchisees will be at 2% on an annual basis and many more will see a reduction down to 1% as they reach the maximum step down level. More importantly, the GMF fees are of 100% benefit for growing brand awareness and driving inquiries to Franchisees – not paid to the Franchisor.
- We take the value of the fees you pay very seriously: We continue to invest in the top talent, regulatory support, business and clinical support and technology improvements that drive efficiency, provide great care and quantify the premium value you provide. We also make sure that our fees are competitive to other Franchisors in our space and share this with you. We did a detailed review that we shared with you last year and have invited all of you for a review of the competition by Shelly, Steve and Pam on November 9th.

- We've strived for integrity and transparency in this process: From the beginning, our intention was to make sure that the benefits of this program were available to all Franchisees. We know that some of you believe you can “negotiate” a special deal if you choose not to renew at this time. While we want you to make the best choice now if this is the right option for you, we have to be clear that we have to have integrity in our agreements and that we won't be able to negotiate individually with franchisees looking for a different set of terms. We strive to do the right thing and do it in a consistent way. That has been at the heart of this process since we began in January.
  
- Your input has been important and highly valued: Please know that my team and I have benefited greatly from the many opportunities to connect with you on the renewal/extension offering. From the sharing sessions at Town Hall, Regional Summits and Webinars to one-on-one conversations with so many of you, we've been able to validate the value of these reduced fees – and added favorable new terms over the last 30 days based on your feedback. The dozen or so requested changes that Jayson covered on the October 20<sup>th</sup> webinar resulted in multiple changes to the agreement, which we shared in redline form with all of you.

And finally, I would like to reiterate that BrightStar Franchising, LLC will not be negotiating the terms and conditions of the “then current form of agreement” with owners who choose to renew in the normal course of business in the coming years. The Early Renewal / Extension program is a voluntary program but the effecting of this program is limited to 2016.

As always, please feel free to reach out to me, Jayson or your Field Support Coach if you have any questions.

Best regards,  
Thom

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