

EXHIBIT E

Master Development Agreement

GREAT CLIPS® MASTER DEVELOPMENT AGREEMENT

This Master Development Agreement (this "Agreement") dated _____, 20 ____, is made by and between Great Clips, Inc., a Minnesota corporation ("Great Clips") and _____ ("Franchisee"), in consideration of the covenants and agreements set forth below.

1. Grant of Development Rights. Great Clips hereby grants to Franchisee, subject to the terms and conditions of this Agreement, the right to establish and operate GREAT CLIPS® franchises to be located within the _____ Designated Market Area (the "Exclusive DMA"). The Exclusive DMA is comprised of the following counties:

The Initial Market Unit Potential ("IMUP") for this Exclusive DMA is _____ units.

1.1 While this Agreement is in effect and as long as (i) Franchisee is not in default of this Agreement or any GREAT CLIPS® Franchise Agreement, and (ii) Franchisee is not restricted from expansion under the terms of the GREAT CLIPS® Development Policy, Great Clips will grant Franchisee a conditional exclusive right to develop GREAT CLIPS® salons within the Exclusive DMA. Except as otherwise provided in this Agreement, during the term of this Agreement, and for as long as the above conditions are met, Great Clips will not establish or operate, nor grant a franchise to any person other than Franchisee to establish or operate, a GREAT CLIPS® salon at any location within the Exclusive DMA. This right of exclusivity is limited by, and subject to, the protected area set forth in a Franchise Agreement for a GREAT CLIPS® salon which is located outside of the geographical boundaries of the Exclusive DMA, but which has a protected area which extends into the Exclusive DMA.

1.2 Each salon established by Franchisee will be subject to and governed by a separate Franchise Agreement executed by Great Clips and Franchisee. Franchisee will apply and must qualify to be awarded a standard GREAT CLIPS® Franchise Agreement (hereinafter the "Franchise Agreement"), to operate each salon within the Exclusive DMA. Qualification for and approval of applications for Franchise Agreements is a process entirely separate from this Agreement. Franchisee must meet all Development Policy guidelines and qualification criteria required of any GREAT CLIPS® franchisee and must not be restricted from expansion for any reason at any time it applies for additional Franchise Agreements in the Exclusive DMA. On each anniversary of this Agreement, Franchisee must apply for the number of Franchise Agreements that corresponds with the number of salon openings required under the Development Schedule during the following year. If Franchisee has a signed lease attached to each unopened Franchise Agreement required in a given year, then Franchisee may apply for additional Franchise Agreements. Franchisee must apply for a Franchise Agreement prior to the execution of a lease.

1.3 The form of Franchise Agreement for each salon will be the standard form of Franchise Agreement offered by Great Clips at the time of Franchisee's application for the Franchise Agreement, except that the Initial Franchise Fee will be in the amount set forth in this Agreement. Upon execution of this Agreement, Franchisee will execute and forward to Great Clips a separate Franchise Agreement, together with the Initial Franchise Fee, for the first salon to be developed by Franchisee under the Development Schedule.

1.4 This Agreement does not grant Franchisee any rights to grant subfranchises to others. Franchisee's rights to use the GREAT CLIPS® Marks are limited and governed by the Franchise Agreement between Great Clips and Franchisee.

2. **Development Fee.** On the date this Agreement is executed by Franchisee, Franchisee will pay to Great Clips a development fee of Four Thousand Dollars (\$4,000) times each unit in the IMUP as specified in Section 1 above (the "Development Fee"). The Development Fee is in addition to the Initial Franchise Fee due to Great Clips under each Franchise Agreement. Upon acceptance by Great Clips of this Agreement, the Development Fee will not be refunded under any circumstances, including the failure of Franchisee to comply with the Development Schedule or to complete any of the other requirements or conditions of this Agreement. The Development Fee will not be applied toward other initial franchise fees or continuing franchise fees in the event this agreement expires or is terminated and Franchisee has not opened the number of salons required under the Development Schedule.

3. **Initial Franchise Fee.** While this Agreement is in effect, and as long as Franchisee is not restricted from expansion under the terms of the Development Policy, Franchisee will pay an Initial Franchise Fee of Six Thousand Dollars (\$6,000) for each Franchise Agreement executed by Franchisee pursuant to this Agreement. Each Initial Franchise Fee shall be due and payable on the date Franchisee executes the Franchise Agreement and shall be completely refundable upon cancellation of the Franchise Agreement, provided there is no fully executed lease associated with the Franchise Agreement.

3.1 Any Great Clips Market Development Advertising Fund ("MDAF") contribution required by the Franchise Agreement for a location in the Exclusive DMA will be waived provided Franchisee has followed the approved grand opening advertising plan as determined and approved in writing by Great Clips in its sole and absolute discretion. If Franchisee has not followed the approved grand opening advertising plan as determined by Great Clips, then in addition to the Initial Franchise Fee, the MDAF contribution required by the Franchise Agreement will be due and payable in full upon request.

4. **Term of Agreement.** The initial term of this Agreement will commence on the date of execution by Great Clips (the "Effective Date") and will be in effect for a term of five (5) years from the Effective Date, unless sooner terminated or extended as provided herein.

5. **Extension of Agreement.** This Agreement may be extended by Franchisee for an additional five (5) years to establish and operate additional salons in the Exclusive DMA, subject to the following conditions:

- (a) Franchisee has given Great Clips written notice of its intent to extend this Agreement not less than 90 days before the expiration of the initial term of this Agreement;
- (b) Franchisee is in compliance with the terms and conditions of this Master Development Agreement, including the Development Schedule specified in Section 6.1, and all Franchise Agreements entered into with Great Clips within the Exclusive DMA or outside the Exclusive DMA;
- (c) Franchisee's rights of expansion with Great Clips are not restricted in any way and Franchisee is eligible to expand under any GREAT CLIPS[®] policy, including the then-current Development Policy;
- (d) Franchisee will execute Great Clips' current form of General Release; and
- (e) Franchisee will continue to open additional salons in the Exclusive DMA in accordance with the Extension Development Schedule specified in Section 6.2 under the same terms and conditions as set forth in this Agreement. The total open salon requirement under this section is net of any projected or closed salons.

6. **Development Schedule.** Beginning with the first anniversary of the Effective Date, Franchisee is required to have open and operating one (1) salon per year for each ten (10)

units in the IMUP as specified in Section 1 above, rounded to the nearest whole number of salons. The total open salon requirement under the Development Schedule is net of any projected or closed salons. Franchisee is required to meet a minimum opening schedule for salons within the Exclusive DMA in order to be in compliance with the terms and conditions of this Agreement and continue to receive the benefits of this Agreement as specified herein. Franchisee agrees to have the designated GREAT CLIPS® salons open, as determined by Franchisor in its sole and absolute discretion, and in operation in the Exclusive DMA in accordance with the following schedule:

6.1 The salon opening requirements during the initial term of this Agreement are:

<u>By End of Year</u>	<u>Number of Open Salons</u>	<u>Cumulative Number of Open Salons</u>
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____

6.2 In the event this Agreement is extended as provided in Section 5, the salon opening requirements during the extension period of this Agreement are:

<u>By End of Year</u>	<u>Number of Open Salons</u>	<u>Cumulative Number of Open Salons</u>
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____

6.3 Great Clips, including its employees, representatives and agents, **makes no assurances to Franchisee that suitable real estate will be available** in the Exclusive DMA to open the number of salons required above. Franchisee alone is responsible for acquiring and gaining Great Clips' consent to all sites developed under this Master Development Agreement.

6.4 In the event Franchisee opens the Cumulative Number of Open Salons for the tenth year prior to the tenth anniversary of the Effective Date of this Agreement, Franchisee may continue to add additional Franchise Agreements for the Exclusive DMA until the tenth anniversary of the effective date for an Initial Franchise Fee of Ten Thousand Dollars (\$10,000) for each additional Franchise Agreement executed by Franchisee.

7. **Failure to Comply With Development Schedule.** Except as otherwise provided in Section 8 of this Agreement, Franchisee's failure to comply with the Development Schedule specified in Section 6.1 and 6.2 above will constitute a breach of this Agreement, and Great Clips, in its sole and absolute discretion, may terminate this Agreement and all rights granted to Franchisee hereunder, effective immediately upon receipt by Franchisee of notice in writing of its failure to comply with the terms of the Development Schedule. Upon receipt of such written notice by Franchisee, Great Clips may, in its sole and absolute discretion, establish or operate, or grant a franchise to another person other than Franchisee to establish or operate, GREAT CLIPS® salons at any locations within the Exclusive DMA. However, Great Clips, in its sole and absolute discretion, may provide Franchisee with a period of time in which to cure the default by opening a sufficient number of salons to bring the Development Schedule into compliance. If Great Clips elects to terminate this Agreement, then upon termination of this Agreement,

Franchisee will have no further exclusive rights in the Exclusive DMA and all rights and obligation under this Agreement will be completely terminated.

8. Other Grounds for Termination. In addition to the right of termination set forth in Section 7 for failure to comply with the Development Schedule, this Master Development Agreement may also be terminated by Great Clips if:

- (a) Franchisee fails to pay any amounts due under this Agreement or any Franchise Agreement executed between Great Clips and Franchisee in which Franchisee is fifty percent (50%) or greater owner.
- (b) Great Clips terminates any Franchise Agreement executed by Franchisee for a location in the Exclusive DMA or elsewhere, for any reason. Such termination does not include cancellations, non-renewals, deferrals or other incentive programs.
- (c) Franchisee breaches any of the terms and conditions of this Agreement.

Termination of this Agreement will not in and of itself affect the individual Franchise Agreements signed by Franchisee; however, upon termination of this Agreement, all rights granted to Franchisee to develop GREAT CLIPS[®] salons under this Agreement will immediately revert to Great Clips.

9. Impact of Termination on Initial Franchise Fees. Upon termination of this Agreement for any reason, Franchisee will be allowed to open any Franchise Agreement currently approved under this Agreement but not yet opened, without any additional Initial Franchise Fees due to Great Clips, if said Franchise Agreement has a fully executed lease in place as of the date of termination of this Agreement, and a complete and true copy of the lease is received by Great Clips within ten (10) days of said termination date. Any Franchise Agreement with Franchisee for the Exclusive DMA that has a fully executed lease attached to it will not be eligible for a refund of the Initial Franchise Fee. Franchisee shall pay the then-current Initial Franchise Fee for a single Franchise Agreement for any Franchise Agreement for the Exclusive DMA that does not have a fully executed lease in place as of the date of termination of this Agreement. Franchisee will receive full credit for the Six Thousand Dollars (\$6,000) Initial Franchise Fee already paid on the Franchise Agreement as provided in this Agreement, or Franchisee may cancel the Franchise Agreement and receive a refund of the Six Thousand Dollars (\$6,000) Initial Franchise Fee that was paid by Franchisee for the Franchise Agreement.

10. Residency Requirement. During the term of this Agreement, Franchisee must have an operating partner with at least a twenty-five percent (25%) interest in the franchisee entity who is a resident of the Exclusive DMA or who lives within 90 miles of the Exclusive DMA. Franchisee must immediately notify Great Clips if this residency requirement is not being met. Any failure by Franchisee to meet this requirement shall be cause for termination of this Agreement after allowing for a 120-day period for Franchisee to cure upon notice by Great Clips of failure to meet this requirement. This cure period will only apply if Franchisee has notified Great Clips within ten (10) days of the residency requirement not being met.

11. Assignment.

- (a) Franchisee may not sell, assign or transfer this Master Development Agreement or any interest in Franchisee, in whole or in part, except (i) to an operating partner who has an interest of at least twenty-five percent (25%) but less than fifty percent (50%); or (ii) to one of Franchisee's immediate family members (spouse, parents, children or siblings) consented to by Great Clips.
- (b) Franchisee may not sell, assign or transfer fifty percent (50%) or more of any single Franchise Agreement executed for a salon that is open in the Exclusive

DMA. Any assignment of a Franchise Agreement permitted hereunder does not grant Assignee any rights in the Exclusive DMA. Assignee is not eligible to expand in the Exclusive DMA until this Agreement terminates or expires.

- (c) Violation of Section 11(a) or 11(b) will result in immediate termination of this Agreement.

12. **Status and Good Standing.** Franchisee must follow all Great Clips policies and procedures at any franchised location in the Exclusive DMA or elsewhere in order to maintain its exclusive rights to develop GREAT CLIPS® franchises under this Agreement. Great Clips will provide Franchisee with a cure period of thirty (30) days to correct any such violation of its policies and procedures before this Agreement will terminate. However, if Franchisee prevents discovery of such a violation, then Great Clips, in its sole and absolute discretion, will not provide a cure period and this Agreement may be immediately terminated upon Great Clips' discovery of such a violation.

13. **Dispute Resolution.**

13.1 **Arbitration.** Except as specifically provided to the contrary in this Agreement, all disputes concerning this Agreement or the business conducted hereunder, including allegations of fraud, misrepresentation or violation of any state or federal law or regulation, shall be resolved by the American Arbitration Association pursuant to the Commercial Arbitration Rules and Regulations. Either party may commence arbitration by filing a Demand for Arbitration with the American Arbitration Association and serving the Demand for Arbitration on the opposing party. A Demand for Arbitration must be filed within three years of the date when any cause of action asserted in the Demand for Arbitration accrued, or such cause of action will be barred and must be dismissed by the Arbitrator. For purposes of this Agreement, a cause of action will be deemed to have accrued when the claimant knew or reasonably should have known of the facts on which the cause of action is based.

13.2 **Power of the Arbitrator.** The Arbitrator will be appointed within 60 days after a written Demand for Arbitration has been made in accordance with the Commercial Arbitration Rules and Regulations of the American Arbitration Association. The authority of the Arbitrator will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Arbitrator will not have the authority or right to add to, delete, amend or modify in any manner, the terms, conditions and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the Demand for Arbitration, and the Arbitrator will not have the authority to decide any other issues. The Arbitrator will not have the right or authority to award punitive damages to either party. All findings, judgments, decisions and awards by the Arbitrator will be in writing, will be made within 60 days after the arbitration hearings have been completed, and will be final and binding on Franchisee and Great Clips. The written decision of the Arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party.

13.3 **Disputes Not Subject to Arbitration.** The following disputes and controversies between Great Clips and Franchisee shall not be subject to arbitration: (a) any dispute involving the Marks; (b) any dispute involving immediate termination of this Agreement pursuant to Paragraph 8(b) or Paragraph 11(c) of this Agreement.

13.4 **Other Proceedings.** Notwithstanding Paragraph 13.1, upon a breach or threatened breach of this Agreement by Franchisee, Great Clips is entitled to injunctive relief in court restraining such breach without bond and without regard to the adequacy of its legal remedies. Interim equitable relief is available to Great Clips in addition to other remedies or rights Great Clips may have. Great Clips is also entitled to proceed in a court of law in lieu of arbitration to

obtain a decree of specific performance requiring that each provision of this Agreement be honored, carried out and enforced as written and to obtain a declaratory judgment or other appropriate relief if there is a controversy over interpretation of this Agreement or the rights and obligations of the parties. Notwithstanding paragraph 13.1, Great Clips may also proceed against Franchisee in a court of law to collect sums of money due to Great Clips or to protect or enforce its rights in or under the Marks.

13.5 Venue and Jurisdiction. All arbitration hearings will take place exclusively in Minneapolis, Minnesota. Any other legal proceeding involving any dispute between the parties must be venued exclusively and solely in federal or state court in Hennepin County, Minnesota. Great Clips and Franchisee and their respective officers, directors and shareholders, partners and personal guarantors acknowledge that Franchisee and its officers, directors and employees have had substantial business and personal contacts with Great Clips in Minnesota, do hereby agree and submit to personal jurisdiction in Minnesota, and hereby waive any rights they may have to contest venue and jurisdiction in Minnesota and any claims that the venue and jurisdiction in Minnesota are invalid.

13.6 Costs and Fees. The prevailing party in any arbitration or court proceeding shall recover its costs in obtaining relief under this Agreement, including its reasonable attorneys' fees.

14. Single Program. This Master Development Agreement cannot be used in conjunction with any other incentive program except as specifically authorized in writing by Great Clips.

15. Notices. Notices hereunder are given when delivered or three business days for all United States destinations and five business days for all foreign destinations after being sent by Certified Mail or overnight express, facsimile transmission or courier service, addressed to Great Clips at its corporate headquarters or to Franchisee at a GREAT CLIPS® salon or other designated address.

16. Amendment. This Master Development Agreement may be modified or amended only by an instrument in writing, duly executed by the parties hereto.

17. Modifications or Withdrawal. Great Clips reserves the right to modify or withdraw the Master Development Program, without affecting the rights of those franchisees who have already entered into a Master Development Agreement, at any time.

This Master Development Agreement has been approved and accepted by Great Clips as of the date written below.

GREAT CLIPS, INC.

By: _____

Its: Secretary

Date Approved: _____

FRANCHISEE:

By: _____

Its: _____

Dated: _____