

TechShop, Inc.

Corrective Action Plan

Date: June 6, 2016

Employee: Mark Hatch

Title: Chief Executive Officer

Cognizant members of the Board of Directors of TechShop have determined that based on company performance and individual performance, as described below, Mark Hatch is not meeting the minimum expectations for the position of Chief Executive Officer of TechShop, Inc. The performance issues identified are highly significant to the success of the company, and longstanding in nature. Several of these issues have been the subject of Board discussions with Mark for several years. Other issues have only recently come to the attention of the Board. The combined impact of these issues requires immediate attention and correction.

Performance Issues

1) TechShop Business Strategy, Financial and Operational Performance.

As CEO, Mark is accountable for defining and executing a business strategy that responsibly uses investor money to build a sustainable business.

The strategy and tactics that he has put in place over the last several years are not achieving that goal, as evidenced by the marginal financial condition of the company over many quarters, and the deteriorating profitability of the company. The most recent Management Letter from TechShop's audit firm cites serious concern about the ability of the company to continue ongoing operations.

Mark has been highly focused on developing business relationships and recruiting investors. This is necessary, but not sufficient to build a successful company. The need to achieve profitability has been a longstanding issue, repeatedly discussed by the Board and raised by our largest investor, Autodesk. Recent attention to this issue came only after intervention by members of the Board.

As CEO, Mark is also responsible for setting priorities for sustaining and improving corporate operational capabilities, ensuring that funds are spent appropriately, and *adequate progress is made*.

After more than 10 years in business, TechShop lacks basic capabilities and business processes necessary to conduct its business efficiently and effectively. Systems improvement projects have consistently been low priority with very slow progress. The lack of these capabilities is a visible issue for potential partners and investors, diminishes the attractiveness of TechShop's service offerings to current and potential members, and impedes the ability to retain members and grow revenue.

Examples of the impact of these deficiencies include but are not limited to lack of awareness of membership churn, inability to identify and market to expiring members, and an antiquated online presence and scheduling capability.

These issues have been raised repeatedly in Board meetings over several years. While funding constraints have been a factor, lack of priority and lack of top management oversight are a major cause.

2) Financial Responsibility.

As CEO, Mark is expected to role model responsible spending in all aspects of the business. Mark's individual Travel and Entertainment spending has been extremely inconsistent with this expectation over a period of years. His spending for business entertainment and travel is far outside the bounds of appropriate spending for a company in TechShop's situation. His excessive spending (which is very visible to company employees and outsiders) is setting the wrong tone, consuming limited resources needed by the business, and a misuse of corporate funds.

3) Personal Behavior.

Mark has on numerous occasions exhibited personal behavior that is inconsistent with good leadership practices. Employees report Mark arriving on-site at store locations and for company events, giving the appearance of being under the influence of alcohol. Mark has developed a reputation in the industry, as reported by a number of people, as someone who is an excessively enthusiastic party host and participant, more interested in the party than in the business. This is affecting relationships with employees, potential business partners, and members.

The fact, or the appearance, of being on company property or representing the company while under the influence of alcohol or drugs cannot be tolerated in any employee.

4) Leadership Behavior.

Mark has not exhibited the leadership behavior required to build a healthy corporate culture. Mark's interactions with employees when he visits stores and at events such as SXSW have often had a negative impact on employee relations. TechShop employees widely feel that they are isolated from corporate management. No systemic communication processes are in place for top management to communicate with store employees.

The entire top management team is responsible for communication and leadership of company employees, but the CEO sets the expectation and must role model leadership behavior. Mark has not been role modeling the leadership behavior required to build a healthy and successful company culture.

Required Performance Improvement

The performance issues cited above have a very serious negative impact on TechShop's ability to continue as an ongoing business, and must be corrected completely and immediately.

In order to successfully complete this Corrective Action Plan, Mark must:

- 1) Eliminate any perception that he is under the influence of alcohol or drugs while on company property or off-site company events, interacting with company employees, or representing the company in public or in private. Any future occurrence will result in immediate termination without severance benefits.
- 2) Starting immediately, curtail his travel and entertainment spending to conform to a budget approved in advance by the Executive Chairman of the Board. All of Mark's travel and entertainment expenses must be submitted for approval within 30 days of incurring them, on a standard Expense reporting form, and must be authorized for payment by the Executive Chairman of the Board.
- 3) Demonstrate strategic leadership and attention to achieving profitability and operational improvement by driving company planning and execution effectively. Develop and implement a systemic approach to communicating with employees, and building a healthy company culture.
- 4) Prepare and deliver monthly written reports to the Co-Chairpersons of the Board, on the first week of each month, starting in July 2016. Monthly reports must detail the state of the business, financial and membership metrics, operational metrics, and specifically report on actions taken to achieve profitability, improve company capabilities, and improve company culture.

Evaluation of Corrective Action Plan Results

The duration of this Corrective Action plan is 90 calendar days, starting on the date of this document.

Mark's success in meeting the requirements of this Corrective Action Plan will be determined by the Co-Chairpersons of the Board.

If all of the requirements of the Corrective Action Plan are met, the Corrective Action Plan will be closed as 'Successful'. But, if Mark fails to meet all of the requirements of the Corrective Action Plan, then the Corrective Action Plan will be closed as 'Unsuccessful'.

Consequences

If the Corrective Action Plan is completed successfully, Mark's position as CEO of TechShop will continue with no further actions.

A violation of any Items (1 to 4) of the Required Performance Improvements (during or after the 90 day period) will result in immediate termination without severance benefits.

Any actions or behavior by Mark that could be perceived as retribution or retaliatory, including any investigation of employees reporting behavioral issues, or any actions detrimental to the best interests of TechShop, will result in immediate termination without severance benefits.

After completion of the 90 day period, any failure to maintain the behavior required by the Corrective Action Plan will result in immediate termination without severance benefits.

If the Corrective Action Plan is not completed successfully, at the end of the 90 day period Mark will be terminated, and he will receive one (1) month of continued base pay as a severance package.

If Mark chooses to resign from all positions with the Company rather than attempt to successfully complete the Corrective Action Plan, he will receive six (6) months of continued base pay as a severance package, and the post-termination exercise period of his stock options will be extended to 2 years.

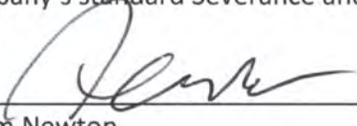
Confidentiality

The existence and contents of this Corrective Action Plan will be held confidential between Mark Hatch and the members of the Board of Directors and their immediate advisors. Any disclosure by Mark will result in forfeiture of any severance benefits due or offered by the Company. Any disclosure by TechShop or its directors will result in an additional six (6) months of base pay as an increased severance benefit.

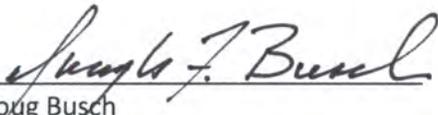
In the event that Mark resigns from all positions with the Company, the contents of an announcement and its timing will be mutually agreed upon.

Effectiveness

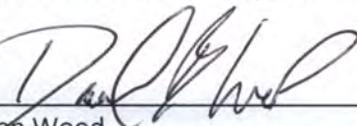
This Corrective Action Plan is effective immediately. Mark has until **5 p.m. PST, on June 9, 2016**, to execute the Corrective Action Plan or resign. If a decision is not made in that period, Mark will be terminated and will receive six (6) months of continued base pay as severance pay, which is conditioned on the execution of the Company's standard Severance and Release Agreement.

By: 
Jim Newton
Executive Chairman, TechShop, Inc.

Date: 6/6/2016

By: 
Doug Busch
Co- Chairman, TechShop, Inc.

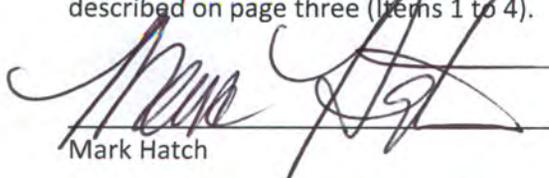
Date: 6/6/2016

By: 
Dan Wood
Chief Operating Officer, TechShop, Inc.

Date: 6/6/2016

ACKNOWLEDGMENT & AGREEMENT.

By signing below, the undersigned acknowledges that he has read this Corrective Action Plan, and hereby agrees to satisfy the requirements of this Corrective Action Plan, including the performance improvements described on page three (Items 1 to 4).


Mark Hatch

Date: 6/9/2016