FRANCHISE DISCLOSURE DOCUMENT

GLOWZONE

GLOWZONE

Glowzone International, LLC, a California limited liability company
~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200~~500
~~Las Vegas, Nevada 89113~~
Los Angeles, CA 90045
Phone: 888-565-5306 Website: www.glowzoneinternational.com

As a franchisee, you will operate a Glowzone party facility providing a stimulating, safe and clean environment for children and families of all ages to play under the name Glowzone™.

The total investment necessary to begin operation of a Glowzone Arena is between $~~983,167.00~~1,512,667 and $~~1,499,133.00~~2,213,333. This includes between $60,000 and $1,958,500 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Samantha Hickman at ~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200, Las Vegas, Nevada 89113~~500, Los Angeles, CA 90045, 888-565-5306 or email: ~~Samantha@glowzone.us.~~Samantha@glowzone.us.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise,*" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: ~~April 19, 2017~~January 4, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION, MEDIATION, OR LITIGATION ONLY IN ~~LAS VEGAS, NEVADA.~~LOS ANGELES, CALIFORNIA. OUT-OF-STATE ARBITRATION, MEDIATION, OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE, MEDIATE, OR LITIGATE WITH US IN ~~NEVADA~~CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT ~~NEVADA~~CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

4. IF YOU ARE MARRIED, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTEE MAKING HIM/HER JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE

FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Effective Date: ______________
Hawaii	Effective Date: ______________
Illinois	Effective Date: ______________
Indiana	Effective Date: ______________
Maryland	Effective Date: ______________
Michigan	Effective Date: ______________
Minnesota	Effective Date: ______________
New York	Effective Date: ______________
North Dakota	Effective Date: ______________
Rhode Island	Effective Date: ______________
South Dakota	Effective Date: ______________
Virginia	Effective Date: ______________
Washington	Effective Date: ______________
Wisconsin	Effective Date: ______________

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of ~~April 19, 2017~~January 4, 2018.

MICHIGAN SPECIFIC-NOTICE

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure each failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of your Arena are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in the subdivision.

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

(j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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Exhibits

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "we", "us," or "our" means Glowzone International, LLC, the franchisor. "You" or "your" means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, and its Affiliates

We are a California limited liability company that was formed on October 27, 2015. Our principal business address is ~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200, Las Vegas,~~ 500, Los Angeles, CA 90045.~~Nevada 89113.~~ We do business under the names "~~Glowzone™"~~,Glowzone®", "Glowzone Family Challenge ~~Arena™"~~,Arena®", and other trademarks we designate (the "Marks").

We ~~have not offered franchises prior to the date of this Franchise Disclosure Document. We have not previously offered~~began offering franchises in ~~any other line of business, nor do we operate any businesses under the Marks.~~March 2016. We do not conduct any business activities other than franchising.

~~We do not~~ However, three (3) of our affiliates operate Glowzone locations similar to the one you operate under the Franchise Agreement. We do not have any predecessors or parent. ~~We do not have~~

An affiliate of ours is GZ Construction, LLC, a Nevada limited liability company organized on April 11, 2017 ("GZC") with its principle place of business located at 6601 Center Drive West, Suite 500, Los Angeles, California 90045. GZC provides construction services to some of our franchisees under separate agreements and arrangements but does not grant any franchises in this or any other line of business.

GZW Enterprises, LLC, a California limited liability company organized on December 8, 2015 ("GZW") is an affiliate of ours and has operated a Glowzone location at 6015 De Soto Avenue, Woodland Hills, California 91367 since 2015. GZW Enterprises, LLC does not grant any ~~affiliates that offer~~ franchises in this or any other line of business ~~or~~and does not provide any products or services to our franchisees.

GZHB, LLC, a California limited liability company organized on October 27, 2015 ("GZHB") is an affiliate of ours and has operated a Glowzone location at 7227 Edinger Avenue, Huntington Beach, California, 92647 since 2015. GZHB, LLC does not grant any franchises in this or any other line of business and does not provide any products or services to our franchisees.

GZLV, LLC, a California limited liability company organized on May 2, 2016 ("GZLV") is an affiliate of ours and has operated a Glowzone location at 6630 Arroyo Springs Street, Suite 1200, Las Vegas, Nevada 89113 since 2016. GZLV, LLC does not grant any franchises in this or any other line of business and does not provide any products or services to our franchisees.

The Franchise

As a franchisee, you will operate a family entertainment arena offering an imaginative, challenging and interactive environment in which to compete and have fun, operated under the Marks (an "Arena"). Each Arena is a party facility that provides a stimulating, safe and clean environment for children and families of all ages to play. Arenas will include party rooms for group events; an arcade gaming area; a laser tag area; a restaurant; a ropes course; a rock wall; bumper cars; mini golf; a laser maze; other gaming activity areas; and waiting rooms for parents. All of the activities in an Arena are supervised by experienced employees.

Arenas are operated under a system that includes our valuable know-how, information, trade secrets, training methods, Manuals, standards, designs, trademark usages, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Arenas, all of which may be changed, improved, and further developed from time to time (the "System").

Each Arena will typically be conducted through a retail or industrial location that has easy access to highways or major thoroughfares and adequate parking, and in an environment where there are many different types of retail outlets.

You must operate your Arena following our standard business operating practices and sign our standard franchise agreement ("Franchise Agreement"). Your Arena must offer the products and services we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your unit at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Arena.

Market and Competition

The market for our services and products generally is competitive and is well-developed. You will have to compete with franchised operations, national chains and independently owned companies providing family entertainment activities. You may also encounter competition from other ~~Glowzone~~™Glowzone® Arenas.

Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, regional or national economic health, neighborhood demographic and traffic patterns, new technologies, and competition that provides related products.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, your facility will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

For the foodservice component of your Arena, you must comply with all local, state and federal laws applicable to restaurants, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations, and if you sell alcoholic beverages, laws applicable to alcohol-serving businesses. Some jurisdictions may require franchisees to obtain restaurant, business, occupational, food products, health, alcohol, and miscellaneous licenses. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health agencies have regulations for the preparation of food and the condition of restaurant facilities. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

President: Ron Whited

Ron Whited has held this position since our inception in October 2015. Ron is also the Co-Owner and President of our affiliate, Glowzone SB in Woodland Hills, California, and has held that position since October 2015. Ron also operated the Arena in Woodland Hills, California (which has been operated as a sole proprietorship) between December 2014 and March 2016, and currently operates our affiliate's business in Las Vegas, Nevada, and has done so since December 2016. Prior to creating our affiliate's business and between October 2010 and December 2014, Ron operated three Sky High Sports® franchises in Valencia, California, Woodland Hills, California, and Camarillo, California.

Vice President: Tara Whited

Tara Whited has held this position since our inception in October 2015. Tara is also the Vice President of our affiliate, Glowzone SB in Woodland Hills, California, and has held that position since October 2015. Tara also operated the Arena in Woodland Hills, California (which has been operated as a sole proprietorship) between December 2014 and March 2016, and currently operates our affiliate's business in Las Vegas, Nevada, and has done so since December 2016. Prior to creating our affiliate's business and between October 2010 and December 2014, Tara operated three Sky High Sports® franchises in Valencia, California, Woodland Hills, California, and Camarillo, California.

Manager: Samantha Hickman

Samantha Hickman has held this position since our inception in October 2015. Samantha is also the Manager of our affiliate, Glowzone SB in Woodland Hills, California, and has held that position since October 2015. Samantha also operated the Arena in Woodland Hills, California (which has been operated as a sole proprietorship) between December 2014 and March 2016, and currently operates our affiliate's business in Las Vegas, Nevada, and has done so since December 2016. Prior to working for our affiliate's business and between August 2011 and December 2014, Samantha worked as the Regional Manager for the three Sky High Sports® franchises owned by Ron and Tara Whited in Valencia, California, Woodland Hills, California, and Camarillo, California.

Director of Marketing and Operations: Jason Hughes

Jason Hughes has held this position since July 2016. Between June 2012 and July 2016, Jason owned, operated, and sold the Sky Zone® trampoline park in Anaheim, California.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $60,000 in a lump sum when you sign the Franchise Agreement.

Construction and Build-Out

At your option, you can hire our affiliate, GZC, to perform the initial construction and build—out services for your Arena. We estimate that this amount will be between $1,320,000 and $1,880,000. The precise amount you pay our affiliate for these services will depend on the size of your Arena, the location of your Arena, the cost of labor and materials, and other factors.

Grand Opening Marketing

You will be required to spend a minimum of between $5,000 and $15,000 on grand opening marketing and promotions in your local market. We will determine the exact minimum amount of your Grand Opening Marketing requirement depending on the size of the market in which your facility will be located. Although we expect that you will spend this amount directly, we have the right to collect this amount from you prior to your opening so that we can conduct grand opening and marketing promotions and advertising on your behalf.

Initial Training

You may bring up to two people with you to our Initial Training Program with no additional charge. If you wish to bring more than two people and we agree to train additional people, we will charge you a fee of $3,500 per each additional person. You will be responsible for each person's travel, lodging, and living expenses, as well as any applicable salaries.

None of the initial fees are refundable under any circumstances. These initial fees are uniform to all franchisees under this offering.

ITEM 6

OTHER FEES[1]

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your Gross Sales, monthly (Note 2).	Payable monthly on the fifth day of each month, or other day of the month we designate in the Manuals.	Based on your Gross Sales during the previous month.

Type of Fee	Amount	Due Date	Remarks
Brand Fund Fee	Amount we designate, up to 1% of your Gross Sales. (Note 3)	Payable monthly on the fifth day of each month, or other day of the month we designate in the Manuals.	Based on your Gross Sales during the previous month.
Local Advertising Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure. (up to 1% of your Gross Sales) (Note 3)	Payable after receipt of invoice	If you fail to spend your required local advertising expenditure on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund.
Local Advertising Cooperative	Amount established by members of the Cooperative, not to exceed 1% of your Gross Sales. (Note 3)	Established by members of the Cooperative	We may form a Cooperative in your market. Your contributions will count towards your local advertising requirement. Company-owned Arenas will vote in the Cooperative, one vote for each owned Arena in the Cooperative. Neither we nor our affiliates have controlling voting power in any existing Cooperative.
Additional Requested Training	Our then-current tuition fee as published in the Manuals; currently $500 per day. Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. We charge $3,500 per person that you wish to send to our Initial Training Program.	Prior to our providing any such training or advice	In the event you are not operating your Arena according to the Manuals, we have the right to require you and your staff to attend additional training, which will occur (at our option) either at your Arena or at another Arena we select. You must pay all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at an Arena other than yours.
Transfer Fee	Fifty percent (50%) of the then-current initial franchise fee we are charging new franchisees.	Date that we approve transfer.	Applicable only if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee for Immediate Family Member	$1,000	Date that we approve transfer.	Applicable only if you choose to transfer your Franchise Agreement to an immediate family member. This fee is instead of, and not in addition to, our standard transfer fee applying to third party transfers. Our consent is required for any transfer.
Successor Franchise Fee	$5,000.	Upon signing your successor franchise agreement	Payable only if you wish to obtain the right to continue operating as our franchisee after the end of your initial franchise term.
Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month. We will also charge you an underreported fee charge of $5,000.	As incurred.	Payable only if the audit shows an understatement greater than 3% of reported amounts
Management Fee	$1,000 per day that we manage your Arena, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Arena after your death or disability, or by exercising our step-in rights.
Late or Dishonored Payment Fee	$300 for each late and/or dishonored payment.	Payable when any payment you owe us is overdue, or when you do not send us a report on time.	Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason.
Supplier or Product Approval Fee	Reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between $500 and $1,000. If the supplier is approved, we will refund the fee to you.	Upon demand	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.

Type of Fee	Amount	Due Date	Remarks
Meetings, conferences, or conventions	Up to $500 per conference, meeting, or convention	Prior to the conference, meeting, or convention	We may conduct periodic conferences, meetings, or conventions for all franchisees and managers. We have the right to require you and your manager(s) to attend.
Costs, administrative expenses, and attorneys' fees (Note 5)	Will vary under circumstances	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of the Franchise Agreement.	Due when you do not comply with the Franchise Agreement
Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Non-Compliance Fee	$500 per breach per day that you commit under the Agreement.	Payable upon demand.	We have the right to charge this fee (in addition to our other rights and remedies) if you are not in compliance with our System standards. This fee is intended to offset the damages that we incur as a result of your non-compliance and is not intended as a penalty. You will have the opportunity to cure the defaults listed in Item 17(g) of this Disclosure Document.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Customer Complaint Resolution	Varies; reasonable costs we incur for responding to a customer complaint, which will typically be between $20 and $50.	On invoice	Payable if a customer of your Arena contacts us with a complaint and we provide a credit the customer as part of our addressing its complaint.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your Arena.
Liquidated Damages	See Note 6.	Within fifteen (15) days of the early termination of your franchise.	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees.

All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

2. "Gross Sales" means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from your Arena, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to your Arena including insurance proceeds and/or condemnation awards for loss of sales, profits or business, as will the full retail value of any gift certificate or coupon sold for use at your Arena (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales); provided, however, that Gross Sales will not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Sales, but will not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then. Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you. "Gross Sales" also includes any customer refunds issued by you that exceed 1% of your overall Gross Sales.

We have the right to require you to spend up to one percent (1%) of your Gross Sales on local marketing efforts, which may include a combination of your local advertising requirement and contributions to an advertising cooperative in your region.

3. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys' fees and court costs.

In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or your Arena, as a result of any claimed or actual act, error or omission of you or your Arena, then you will be liable for our reasonable attorneys' fees incurred by us in the action or proceeding.

If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with the Franchise Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents.

4. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Brand Fund Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date on which you open your Arena through the date of early termination, multiplied by the greater of: (i) 24 months, or (ii) the number of full months remaining in the Term.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee	$60,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Permits and Build-Out (Note 1)	$~~10~~300,000 to $~~120~~600,000	As Incurred	As Agreed	GZC or Outside Suppliers
Lease Deposit (Two months) (Notes 2 and 3)	$16,667 to $58,333	As Incurred	As Agreed	Landlord
Rent (3 months) (Notes 2 and 3)	$~~20~~30,000 to $~~40~~50,000	As Incurred	As Agreed	Landlord
Signage (Note 4)	$~~2,500~~20,000 to $~~5~~30,000	As Incurred	As Agreed	GZC or Outside Suppliers
Travel Expenses for Training (Note 5)	$2,500 to $5,000	As Incurred	As Agreed	Airlines, Hotels, Rental Car Companies, Restaurants, and Others
Office Expenses (Note 6)	$1,000 to $2,000	As Incurred	As Agreed	Outside Suppliers
Furnishings and Fixtures (Note 7)	$~~750~~1,000,000 to $1,~~000~~250,000	As Incurred	As Agreed	GZC or Outside Suppliers
Initial Inventory (Note 8)	$5,000 to $8,000	As Incurred	As Agreed	Outside Suppliers
Insurance (Note 9)	$~~5~~10,000 to $~~20~~15,000	As Incurred	As Agreed	Outside Suppliers
Professional Fees (Note 10)	$2,000 to $5,000	As Incurred	As Agreed	Accountant(s) and Attorney(s)
Back Office Computer Hardware, POS and Phone System (Note 11)	$25,000 to $50,000	As Incurred	As Agreed	Outside Suppliers
Grand Opening Marketing (Note 12)	$5,000 to $~~15~~10,000	As Incurred	As Agreed	Us our Outside Suppliers
Dues and Subscriptions (3 months) (Note 13)	$2,500 to $~~800~~10,000	As Incurred	As Agreed	Outside Suppliers
Licenses & Permits (Note 14)	$2,500 to $5,000	As Incurred	As Agreed	City / State / Licensing Authority
Utility deposits (Note 15)	$500 to $5,000	As Incurred	As Agreed	Outside Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds / Working Capital (Note 16)	$~~75~~30,000 to $~~100~~50,000	As Agreed	As Incurred	Employees, Marketing Companies, Other Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 17)	$~~983,167.00~~1,512,667 to $~~1,499,133.00~~2,213,333			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Arena. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your Arena may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. We do not know whether any of the money you pay to third parties will be refundable. In compiling this chart, we relied on the experience of our ~~affiliate, Glowzone, LLC~~affiliates, above, as the ~~owner~~owners and ~~operator~~operators (since 2015) of an Arena similar to the franchise being offered to you.

1. Permits and Build-Out. This amount includes your permit and license fees, architect fees, and the expected expenses for building out your facility. These amounts are our best estimate of the range of costs of leasehold improvements, based on our experience and our affiliate's experience in constructing a family entertainment Arena and will likely vary substantially based on local conditions, including the availability and prices of labor and materials. They do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a "vanilla shell" space that, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for an Arena.

2. Rent. These amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing entertainment center, which also would result in a significantly greater initial investment. This estimate does include tenant improvement allowance and any free rent that you may receive from the landlord for your facility. These costs could be substantially higher in certain markets, depending on the size of the cost of hiring any necessary contractors, and costs of materials, as well as shopping center construction fees, county or city building application and inspection fees, county, city, or state codes, and the cost to access existing plumbing. You should carefully investigate all of these costs in the area where you wish to establish your Arena.

3. Real Estate. Your Arena will typically be located in a retail center that has easy access to highways or major thoroughfares and adequate parking. Suitable space, as approved by us, will be rented; its size will be a minimum of 20,000 and a maximum of 50,000, square feet. The monthly amount that you spend on the space for your Arena will depend upon its location and the size and condition of the leased premises. These estimated Real Estate costs are based on anticipated monthly lease payments. The figures listed in this Item may vary substantially from location to location. We anticipate that most of our franchisees will lease space for their Arenas. As a result, these amounts do not reflect costs for the purchase of real estate of for your Arena, which also would result in a significantly greater initial investment.

4. Signage. You must invest in signage for both the inside and outside of your operation. The cost of signage will depend on your market, your location and the extent of the signage you are able to build into your location. These expenses are typically non-refundable.

5. Travel Expenses. You will have travel expenses including food, hotel, flights and other transportation to attend the mandatory initial training programs. These expenses are typically non-refundable.

6. Office Expenses. You must invest in office expenses needed to manage the franchised business. These expenses are for items such as paper, pens and general office items needed to manage the office administrative side of the business.

7. Furnishings and Fixtures. You must invest in the furnishings and fixtures that we require for your Arena. These include items and fixtures that will allow you to offer activities that are approved or required for Arenas, like miniature golf, glow in the dark equipment, harnesses, laser tag equipment, bumper cars and other items required or permitted for Arenas. We will provide you with a detailed list of items upon request. These items are typically non-refundable.

8. Initial Inventory. You must invest in the inventory we sell as part of the franchised business. This includes food items, clothing and other retail goods to be sold or provided to customers as part of our prize winnings program. The initial inventory will typically last for 2-4 weeks depending on the volume of business you generate in your location. These expenses are typically non-refundable.

9. Insurance. You must invest in the required insurance needed to operate the franchised business. We will provide you with a detailed list of insurance required upon request. This range of expenses is related to the upfront cost associated with establishing the needed insurance coverage. These costs are typically non-refundable.

10. Professional Fees. You must pay the appropriate attorneys, CPAs or other professional resources needed to open and start your business. These fees are typically non-refundable.

11. Computer, Point of Sale System. This includes the hardware needed for your Point of Sale System ("POS System") as well as the operating technology you will need to operate the franchised business. These expenses are typically non-refundable.

12. Grand Opening Marketing. You must spend the appropriate range of investment on advertising your business during the first 30-60 days of opening the business. These expenses are non-refundable.

13. Dues and Subscriptions. You must spend money on dues and associations that are relevant to the franchised business and the Arena industry. These expenses are non-refundable.

14. License and Permits. You must spend this range of money on the permits and licensing needed to operate the franchised business. These may include building permits, business licenses or other licenses, you should inquire with your local market regulators and professional associations as to what permits and licenses are needed to operate and open the franchised business.

15. Utility Deposits. You will typically be required to put a deposit down with the local utility service providers in order to open a commercial account. These expenses are typically non-refundable.

16. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including sales taxes, recruitment, on-site training expenses, payroll processing, janitorial

services as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cleaning, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This estimate also includes the estimated cost of salaries for your employees, but does not include an estimated salary for you.

17. Figures May Vary. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Arena. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Arena. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market demand for your product; the prevailing wage rate; competition; and the sales level reached during the initial period. You should conduct your own independent investigation of the costs of opening an Arena in the geographic area in which you intend to open your Arena. Additional funds for the operation of your Arena will be required after the first three months of operation if sales produced by your Arena are not sufficient to produce positive cash flow. You should also review the figures listed in this Item 7 carefully with a business advisor before making any decision to purchase an Arena.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the System, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the "Manuals") that we will loan to you.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved equipment, signs, stationery, supplies and other items or services necessary to operate your Arena ("Approved Supplies List"). From time to time we, our affiliate or a third party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing and we will be required to consider your request. The procedure for submitting a request will be outlined in the Manuals. We will require you to reimburse us for our reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between $500 and $1,000. If the supplier is approved, we will refund the fee to you. We will have up to 30 days to conduct our evaluation before we render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) ability to make product in conformity with our specifications; (2) reputation and integrity of supplier; (3) financial condition and insurance coverage of the supplier; and (4) system uniformity. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

Required Purchases or Leases

A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Manuals. Other than certain advertising and promotional materials, neither we nor our affiliates currently are approved suppliers for any products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, in the future. If we or our affiliates are the only approved supplier(s) of items that you must purchase from us, our pricing will be competitive to the market price on those items.

Construction, Millwork, and Build-out Materials

You must use our approved third-party supplier for the initial construction, millwork, and build-out of your unit. ~~Currently, neither we, nor any of our affiliates, are~~Our affiliate, GZC, is an approved third-party supplier ~~or the only approved supplier of the~~ for initial ~~construction~~contruction and build-out ~~for~~of your ~~facility~~unit.

Food Products and Clothing

You must purchase from our approved third-party suppliers all of the food products and clothing items that you will use and sell in your Arena. Currently, neither we, nor any of our affiliates, are an approved supplier or the only approved supplier of the products and retail items to be sold in your Arena.

Logo-Bearing Items

You must purchase from us, or our approved third-party supplier, all logo-bearing items that you will use and sell in your Arena, including lanyards and play cards. We and are affiliates are the only approved suppliers of lanyards and play cards for your Arena.

Advertising and Promotional Materials

We have the right to require you to purchase from us, or our approved third-party suppliers, advertising and promotional materials relating to the System. We and our affiliates are an approved supplier of these materials, but are not the only approved suppliers of the advertising and promotional materials.

POS System and Software

We require you to purchase your POS System from our designated suppliers, which will include certain software. Upgrades to the POS System may be required periodically. We reserve the right to be the only approved suppliers of the POS System, but presently, we are not a supplier or the only approved supplier of the POS System.

We, or our third-party suppliers, will provide you with certain new software or technology products or updates, and maintain technology services for the System, in exchange for the fees noted in Item 6. These software and hardware products will include Centeredge Software and Embed Card Solutions, which are currently the only approved suppliers for those items and products. Otherwise, we are not an approved supplier or the only approved supplier of the computer system or security system.

Payment Processing and Payroll Services

We require you to use our approved third party supplier for credit card payment, electronic funds transfer payments, merchant services, and payroll services. We reserve the right to be the only approved suppliers of these services, but presently, we are not a supplier or the only approved supplier of the credit card payment, electronic funds transfer payments, or payroll services.

Employee Uniforms

You must purchase your employee uniforms according to the criteria that we will make available to you in the Manuals.

Insurance

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party. All policies must be underwritten by companies having an A.M. Best rating of A- or higher.

1. The insurance policies must include, at a minimum:

2. Comprehensive commercial general liability insurance with $1,000,000 each occurrence, $2,000,000 general aggregate, $2,000,000 products aggregate, $1,000,000 advertising injury, $100,000 damage to rented premises and 5,000 medical payment if available, as well as an endorsement specifically covering cyber liability risks. We require that you name us as additional insured with a waiver of subrogation endorsement.

3. Commercial Business Auto – Combined single limit with $1,000,000 limit including non-owned and hired auto liability and all owned auto if any.

4. Commercial Excess/Umbrella - $2,000,000 minimum limit each occurrence and aggregate.

5. Commercial Property – All risk policy with replacement cost including any building required by lease agreement or ownership and all business personal property with at least 6 months business interruption and extra expense coverage including all necessary expenses.

6. Workers Compensation – required to have statutory limits with $1,000,000 employers liability limit.

7. Unemployment insurance, as required by law.

8. State disability insurance, as required by law.

9. Any other insurance to meet any applicable legal requirements, or as required by your landlord. We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Manual.

We are not an approved supplier or the only approved supplier of the required insurance policies.

Real Estate and Site Selection

You must purchase or lease real estate for your unit according to the criteria that we will make available to you in the Manuals. You must operate the facility at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Addendum 5). You must construct and equip your Arena according to our approved design, specifications and standards. We are not currently an approved supplier or the only approved supplier of the real estate for your unit, but we reserve the right to be.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Arena, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 75% and 95% of your total cost to establish a family Arena and between 50% and 95% of your total cost of operating a family Arena (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We reserve the right to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees, but we currently do not do so.

In our fiscal year ~~2016,~~ 2017, our total revenues were $737,161, and we received $~~12,960~~150,121, or ~~9% of our total revenue,~~20.3%, from the sale of ~~goods~~products and services to our franchisees.

~~We reserve the right to derive a profit~~In its fiscal year 2017, GZC received $100,000 from its sales of products and services to our ~~arrangements with certain approved~~franchisees.

Designated suppliers may make payments to us from franchisee purchases, but as of the issuance date of this Franchise Disclosure Document, we have not yet derived any profit from our arrangement with any approved supplier. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases.

Some of our officers own an equity interest in us (the franchisor) and our affiliates~~,~~ (including GZC), and we may be an approved supplier. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section In Agreement	Item In FDD
a	Site Selection & Acquisition/Lease	Sections 3.1 – 3.4, and Addenda 1, 4, and 5 of the Franchise Agreement;	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.3 – 3.5, 9.3, and 9.4 of the Franchise Agreement	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 – 3.6 of the Franchise Agreement;	Items 7, 8, and 11
d	Initial & Ongoing Training	Sections 10.1 – 10.5 of the Franchise Agreement;	Items 6, 7, and 11
e	Opening	Section 3.7 of the Franchise Agreement	Item 11
f	Fees	Article 6 of the Franchise Agreement;	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 9 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2 , 9.3, 9.4, 9.5, 9.10, 9.12, 9.13, 9.14, 9.15, 9.17, & 9.19of the Franchise Agreement	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Section 9.11 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Section 2.1 of the Franchise Agreement;	Item 12.
I	Ongoing Product/Service Purchases	Sections 9,2 9.3, 9.4 9.5, & 9.10 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.7 & 9.10 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement;	Item 6
q	Owner's Participation, Management, Staffing	Section 9.1of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Section 6.8, Article 11, and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 of the Franchise Agreement	Items 6 and 11
t	Transfer	Article 15 of the Franchise Agreement;	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement;	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement;	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement;	Items 15 and 17; Exhibit H
x	Dispute Resolution	Article 19 of the Franchise Agreement;	Item 17

	Obligation	Section In Agreement	Item In FDD
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not receive any consideration for placing financing with a lender, although we reserve the right to do so in the future. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, is not required to provide you with any assistance.

Pre-Opening Assistance. Prior to the opening of your family challenge Arena, we will provide the following initial services:

1. We do not select the site for your Arena. However, at your request, we will advise you in determining appropriate factors and considerations for selecting a site for your Arena. We describe the site selection process later in this Item. (Franchise Agreement, Article 3)

2. Not unreasonably withhold our acceptance of a site that meets our requirements. We must approve or disapprove your site within a reasonable time after we receive from you notice of the site's location. We describe the site selection process later in this Item. (Franchise Agreement, Article 3)

3. Communicate with you and the approved suppliers (which, at your option, may be our affiliate GZC) for the initial design and construction of your Arena regarding our standards and specifications for the design, layout, appearance and equipment in your Arena location. (Franchise Agreement, Article 3)

4. Communicate with you and the approved suppliers (which, at your option, may be our affiliate GZC) for the initial design and construction of your Arena regarding our approval or disapproval of your construction plans and specifications for your Arena. (Franchise Agreement, Article 3)

5. Before the opening of your Arena, you are required to attend an introductory orientation and training program in ~~Las Vegas, Nevada~~Los Angeles, California, or other designated location (the "Initial Training Program") on the operation of an Arena. We describe the Initial Training Program later in this Item. (Franchise Agreement, Article 10)

6. Loan to you, or provide you with electronic access to, one copy of the Manuals. We describe the Manuals later in this Item. (Franchise Agreement, Article 9)

7. We will send a representative to your Arena to assist you with pre-opening and opening training for five (5) days. (Franchise Agreement, Article 10).

8. Provide to you advertising and promotional materials, at your request and at your expense. (Franchise Agreement, Article 8).

9. At your request, provide you advice regarding your grand opening advertising program. In our discretion (and regardless of whether you have requested our advice) we may require that you pay the grand opening advertising amount to us, which we will spend and control on your behalf. (Franchise Agreement, Article 8)

Site Selection

We do not select the location of your Arena. We generally do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. However, we will provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose. You will be required to use the services of a commercial real estate brokerage firm in selecting your site.

You select the site of your Arena within the Protected Area provided in the Franchise Agreement. We will either accept or reject the site in our sole discretion. If we accept a location submitted by you, we will enter it on Addendum 1 of your Franchise Agreement. Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site that you have submitted for your Arena is within your Protected Area and is a suitable site based upon criteria we establish from time to time. You must obtain our approval of a site no later than one hundred and eighty (180) days after you sign the Franchise Agreement.

We must determine that your proposed location meets or exceeds our standards, but our acceptance does not ensure that your Arena will be profitable at the approved location. We will either accept or reject the site in our sole discretion. We evaluate each proposed site and accept or do not accept each one on a case-by-case basis. The factors that we consider to approve your site(s) include (but are not limited to) general location and neighborhood, population demographics and density, traffic patterns, parking, size, physical characteristics of existing buildings, lease terms, local competition, local household income, and proximity to schools.

We will approve or disapprove your proposed site within 21 days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your Arena and repeat the process. If you and we cannot reasonably agree on a site within one hundred and eighty (180) days of the Effective Date, we have the right to terminate this Agreement without making any refund to you. (Franchise Agreement, Article 3).

Time to Open.

We estimate that there will be an interval of time of 150 to 365 days between the execution of the Franchise Agreement and the opening of your Arena. The factors that may affect this length of time include obtaining a satisfactory site, remodeling and decorating the site, time for obtaining building permits, zoning and local ordinances, weather conditions, installation of software and computer systems, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and delayed installation of equipment, fixtures and signs. You must open your Arena within 365 days after signing the Franchise Agreement. If you do not open your Arena within that time period, we have the right to ~~either begin charging you the minimum royalty rate of $3,000 per month, or~~ terminate the Franchise Agreement without refunding any portion of the initial franchise fee. (Franchise Agreement, Article 3)

Post-Opening Obligations. During the operation of your Arena, we will:

1. After your Arena opens, spend up to seven (7) days there to assist you, your staff, and your personal trainer(s) with your initial opening and operation. (Franchise Agreement, Article 10).

2. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Article 10)

3. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Article 10)

4. At your request (or if we require it in the case that you are performing below our System standards), provide you with additional training. We have the right to charge you our then-current tuition fee as published in the Manuals (currently, $500 per person who attends training, per day). Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters~~,~~ ~~(~~.(Franchise Agreement, Article 10)

5. At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Arena. (Franchise Agreement, Article 8).

Post-Opening Optional Assistance. During the operation of your Arena, we may:

6. Conduct annual or other periodic conferences and/or meetings for all franchisees, managers, and lead trainers. We have the right to require you and your General Manager to attend these conferences. We have the right to require you and your General Manager to attend these programs for up to two (2) days per year. (Franchise Agreement, Article 10)

7. Advise you of operating problems found at your Arena by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Arena as we deem appropriate. (Franchise Agreement, Article 10)

8. Institute, maintain and administer a central advertising account (the "Brand Fund") for such advertising or public relations programs, as we, in our sole discretion, may deem appropriate to promote Arenas locally, regionally, or nationally. We describe the Brand Fund later in this Item. (Franchise Agreement, Article 8)

9. Coordinate the presence of the System on the Internet, including but not limited to e-commerce, web site use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Arenas and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the Franchise Agreement, we will list your Arena location on our Internet website. We may, in our discretion, provide to you a website or website template that is either contained in our separate from our primary website. We reserve the right to de-list or remove your Arena from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use of social media ~~(including social networking sites like Facebook, MySpace, Twitter, LinkedIn, Plaxo, and others)~~ by you that mentions or uses the Marks. (Franchise Agreement, Article 7)

10. We are responsible for all product research and development, on which you may provide input and recommendations. We will periodically make changes to the products that we authorize and require you to sell at your Arena. (Franchise Agreement, Article 9)

11. In our discretion, designate geographic areas for the establishment of regional advertising cooperatives ("Cooperatives"). We describe the Cooperatives later in this Item. (Franchise Agreement, Article 8).

12. In our discretion, negotiate purchase agreements with approved suppliers to obtain discounted prices for franchisees and other Arenas in the System. (Franchise Agreement, Article 10)

There is no specified date or period of time for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Arena.

Advertising

Pre-Opening Marketing

In connection with your grand opening, you must spend a minimum of between \$5,000 and \$15,000 on local advertisement and promotion, which fee will be separate from and in addition to the other marketing fees and requirements described in this Item 11. We will determine the exact minimum amount of your Grand Opening Marketing requirement depending on the size of the market in which your Arena will be located. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. We have the right to require you to pay this entire amount to us, and we will conduct this grand opening advertising on your behalf. (Franchise Agreement, Section 8.3)

The Brand Fund

We reserve the right to create a fund for marketing the System, the Marks, and Arenas (the "Brand Fund"). If established, you must pay up to one percent (1%) of your Gross Sales for the Brand Fund. The fee is payable monthly or at other times that we designate in the Manuals. The advertising requirements are uniform to all franchisees. The fees you pay to the Brand Fund are not refundable.

Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Arenas owned by us will not be required to contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. We did not collect or spend any Brand Fund Contributions during our last fiscal year. (Franchise Agreement, Article 8.3).

We do not have an advertising council comprised of franchisees, but we reserve the right to create one.

Local Advertising.

We have the right to require you to spend three percent (3%) of your Gross Sales on your local advertising and marketing efforts. The specific amount of your advertising requirement will depend on the level of Gross Sales you have achieved for the year. All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within fifteen (15) days after we receive the materials from you, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Article 8.2).

Cooperatives

In our discretion, we may designate geographic areas for the establishment of Cooperatives. We have the right to require you to pay up to three percent (3%) of your Gross Sales to a Cooperative. This amount could be higher if you and the other members of the Cooperative vote to increase the contribution level beyond the amount we require. If your Arena is within one of these geographic areas, you must become a member of the Cooperative. You need not join more than one Cooperative for the same Franchised Arena. All Arenas (including Arenas owned by us or our affiliates) must become members in any Cooperatives that we establish for geographic regions in which they own locations.

Each Cooperative will be organized and governed in a form and manner that we approve, and we reserve the right to change the way that the Cooperatives are organized and governed in our sole discretion. We reserve the right to administer the fund, or to have an advertising agency do so. We have the right to examine the books, records, and accounts of the Cooperative and to audit the Cooperative. (Franchise Agreement, Article 8).

Each Cooperative must be organized and governed in a form and manner approved by us, in advance, in writing. Each Cooperative must prepare annual financial statements and submit them to us. The statements will be made available to you for your review.

We require that each Cooperative governs from written organizing documents. As of the date of this Disclosure Document, no Cooperative has been formed and no governing documents are available for you to review. No changes to the organizing documents are permitted without our advance written approval.

We, in our sole and absolute discretion, have the right to require any Cooperative to be formed, or have the governing documents changed. We also have the right to require that any Cooperative dissolve or merge into another Cooperative.

POS System

You must obtain and use in your Arena a POS System meeting our requirements. The POS System will consist of the following: between 4-7 all-in-one central processing units, touchscreen monitor(s), credit card/magnetic encoder(s), receipt printer(s), cash register(s), finger-print reader(s), keyboard(s), barcode scanner(s), database software, operating systems software, and restaurant management software. The POS System will generate reports on the sales and expenses of your Arena, will automate certain of your administrative functions, allow your clients to schedule sessions, and will be used to develop and maintain your client profiles and visit histories.

We estimate that the cost of purchasing or leasing the POS System and related computer requirements will range from $25,000 to $50,000. If you lease your equipment, the monthly leasing fee will depend on factors such as lease term, lease rate, down payment, residual value, credit worthiness of lease.

You will be responsible to upgrade or update the POS System during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms.

We reserve the right to require you to upgrade or update the POS System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the POS System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology.

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates for the POS System. We currently do not require that you purchase a maintenance, repair, and upgrade or update service contract for the POS System, but we reserve the right to do so in the future. The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the POS System supplier.

You are required to use the POS System to record all sales at your Arena~~,~~. The types of business information which will be collected by the POS System will be sales reports, scheduling of events and programs, labor functions all on a daily, weekly and monthly basis It will also include gathering guest information. In addition, the POS System can provide customized reports if we request this information.

We will have the ~~unlimited~~ right to ~~independently~~have independent access to all ~~of the~~ information ~~that is generate~~ or ~~stored on~~ data in the POS System, and there are no limitations on our rights to do so. We will also have the right to use and publish the information we collect from your POS System~~.~~ in our discretion, including for purposes of disclosure in our Franchise Disclosure Document. We are not obligated to provide or to assist you in obtaining the above item or services. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. We also have the right to terminate your access to the POS system through our third party vendors should you be in default or your Franchise Agreement. (Franchise Agreement, Article 11).

Manuals

We will loan you one copy of the Manuals after you sign the Franchise Agreement. You must comply with all policies and procedures in the Manuals. We may modify them at any time. The total number of pages is 220. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the Manuals, as instructed by us. We disclose the Table of Contents to the Manuals as Exhibit D to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

Initial Training Program

Our initial training program typically lasts for 14 days, depending on your progress and performance (the "Initial Training Program"). We offer the program as often as necessary to accommodate our new franchisees. The classes will be held for 2 weeks in ~~Las Vegas, Nevada.~~Los Angeles, California. The final week will be at your Arena after you open for business.

The Initial Training Program is free of charge to you and, if applicable, your proposed General Manager, except that you are responsible for costs associated with attending the program such as travel, lodging and meals.

You and your General Manager must complete the training program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule below. Training is mandatory for you and your General Manager. We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the Manuals and will change from time to time.

If you ask us to permit your new hires to attend the Initial Training Program, or if we believe that one of your employees has not been adequately trained by you, we reserve the right to require that such person attend the Initial Training Program. We will have the right to charge the then-current tuition fee (currently $3,500 per person) for each additional trainee, and you will be responsible for that person's salary and costs associated with his or her attending the program such as travel, lodging and meals.

We plan to provide the training listed in the table below. This training schedule is fully detailed in the Manuals and will change from time to time (Franchise Agreement, Articles 9 and 10).

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
TRAINING AT OUR LOCATION (7 days)			
Introductions	5	0	~~Las Vegas, Nevada~~Los Angeles, California
Intranet	1	0	
Business Operations, Legal Entity, Licensing, and Training Goals	3	0	
Site Construction and Opening the Store	1.5	1.5	
Franchise Services and Vendor Selection	1.5	0	
Office Set-Up	1	1	
Employee Management and Training	2.5	2	
Competition	1.0	0	
Marketing	9	0	
Operations	8	17.5	

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Security	0.5	0.5	
Exam	1	0	
TRAINING AT YOUR ARENA (5 days pre-opening, 2 days grand opening)			
Kitchen and Store Setup	0	6	Your Arena
POS and Financial Setup	0	5	
Inventory	0	2.5	
Daily Operations	0	32	
Performing Financial Transactions	0	4	
Grand Opening	0	16	
TOTALS	35	88	

At or around the time you are ready to open, we will visit your Arena and spend up to seven (7) days with you conducting assessments and working with you in using our System.

The instructional materials used for all topics of training will consist of the Manuals, including the Operations Manual, Maintenance Manual, and Employee Training Manual.

Our Trainers

Ron Whited: Trainer for All Topics

Ron Whited is our Co-Owner and President and is the Co-Owner and President of our affiliate, Glowzone SB. Ron operated our affiliate's business in Woodland Hills, California from December 2014 through March 2016, and he owns and operates our affiliate's current business in Las Vegas, Nevada. Prior to creating our affiliate's business, Ron operated three Sky High Sports® franchises in Valencia, California, Woodland Hills, California, and Camarillo, California.

Samantha Hickman: Trainer for All Training Topics

Samantha Hickman is our Manager and the Manager of our affiliate, Glowzone SB in Woodland Hills, California and served in that role between December 2014 and March 2016. Samantha also currently manages -our affiliate's current business in Las Vegas, Nevada. Prior to working for our affiliate's business, Samantha worked as the Regional Manager for the three Sky High Sports® franchises owned by Ron and Tara Whited in Valencia, California, Woodland Hills, California, and Camarillo, California.

We may use certain other employees of our affiliate, GLOWZONE, LLC, in the Initial Training Program, but we have not yet determined which of them will be involved with the Initial Training Program.

We may require you, your General Manager, and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Arena, at another Arena, or a training facility operated by us. You may also request our assistance on-site at your Arena. We have the right to require you to pay our then-current fee (as listed in the Manuals) for the additional training. If any training you request takes place at any location other than our headquarters, we also have the right to require you to pay for the lodging, travel and meal expenses we incur for our personnel conducting the training. If training takes place somewhere other than your Arena, you will be solely responsible for the lodging, travel, living and meal expenses for those of your personnel attending the training.

ITEM 12

TERRITORY

Franchise Agreement

You will receive an exclusive territory from us. Specifically, the Franchise Agreement specifies that we will not establish, nor license another party to establish, another Arena under the System within the area identified on Addendum 1 to your Franchise Agreement (the "Protected Area"). This proximity protection will remain for the initial franchise term.

We must approve your proposed Protected Area even if we identify it in advance. The exact size of your Protected Area will depend on several factors, including but not limited to the geographic location of your Arena, population density, demographics, competition, proximity of other Arenas, site availability, and drive time to your Arena from the boundaries of the territory. Generally, your Protected Area will be the area within a three-mile radius of your Arena, measured from its front door, but there is no minimum area for your Protected Area (which may be smaller than three miles if your Arena is in a densely populated area). In determining the total population within your Protected Area, we generally consult the United States Census estimate, available via the Internet website located at quickfacts.census.gov.

We must approve all proposed franchise locations even if the locations are identified by us in advance. We will enter the location we approve (the "Approved Location") on Addendum 1 to the Franchise Agreement. After we approve your Approved Location, we will designate your Protected Area by describing it on Addendum 1. You may not conduct business at any other site other than the Approved Location.

You will operate your Arena from one location and must receive our permission before relocating. We will not charge you a relocation fee. If you seek to relocate to a location that is outside of your Protected Area, we reserve the right not to approve any such relocation, and we will not consent to your relocation if it is within another franchisee's Protected Area.

You are permitted to distribute advertising items (i.e., coupons, circular advertising, or other forms of advertising that we permit) outside of your Protected Area, and other Arenas will be permitted to conduct all forms of permitted advertising within your Protected Area.

You may use, reference or promote the ~~Glowzone~~ Marks or System in connection with social media networks or platforms, but you may do so only with our approval. You are not permitted to have an individual website for your Arena, but we (so long as you are in compliance with the Franchise Agreement) will list your Arena on our overall Internet web site, and we may provide you the opportunity to add some content to that site.

Your Protected Area will not be altered during the initial term of the Agreement if there is a population increase or decrease. We have the right to terminate our grant, or reduce the size, of your Protected Area if you default under the Franchise Agreement for, among other things, failing to maintain our standards or failing to pay the royalty and other fees when they become due. There are no other circumstances under which we will modify your territorial rights.

On renewal, acquiring a successor franchise, or transferring your franchise, your Protected Area may be modified. Depending on the then-current demographics of the Protected Area, and on our then-current standards for territories, if the Protected Area is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Protected Area.

Except as stated above, we and our affiliates retain all rights with respect to Arenas, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

(1) The right to establish or operate or license any other person or entity to establish other facilities, businesses, kiosks, outlets, or Internet websites under trademarks or names other than the Marks, which are not Glowzone® Arenas, inside or outside of your Protected Area. These businesses may offer services similar to those you offer at your Arena, but will not be operated under the Marks.

(2) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods that are identical or similar to and/or competitive with those provided at Arenas, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores, grocery stores, the Internet, and electronic media) both inside and outside your Protected Area and on any terms and conditions we deem appropriate.

(3) The right to operate, and to grant others the right to operate Arenas located anywhere outside your Protected Area under any terms and conditions we deem appropriate and regardless of proximity to your Arena and Protected Area.

(4) The right to advertise and promote, and to permit other franchisees to advertise and promote, other Arenas operated under the System and the Marks within your Protected Area.

(5) The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Arenas, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating (including in your Protected Area). We will not, however, permit any such business located within your Protected Area to operate under our Marks.

(6) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Arenas, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your Protected Area. We will not, however, permit any such business located within your Protected Area to operate under our Marks.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area.

Other than the above-described limited right of first refusal, you will not have the right of first refusal to acquire additional franchises within your Protected Area. We do not customarily grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective protected areas.

<u>Right of First Refusal</u>

We do not give rights of first refusal to our franchisees, but we reserve the right to do so in our discretion.

<u>Other Franchise Systems</u>

Although we and our affiliates have the right to do so (as described above), neither we nor our affiliates have operated or franchised, and currently have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Protected Area.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Arena. You may also use our other current or future trademarks to operate the Arena. ~~Ron Whited, our founder, has filed for registration, the~~ The following ~~marks~~Marks are registered (or we have applied to register them) on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Trademark	**Application Number Application Date**	**Registration Number Registration Date**	**International Class of Goods**
GLOWZONE FAMILY CHALLENGE ARENA (Word Mark)	86703664 July 24, 2015	~~5113609~~ 4944978 April 26, 2016	041
(Logo Mark)	87022950 May 2, 2016	5113609 January 3, 2017	041

~~We have a license agreement with Ron Whited to have unlimited use of the trademarks.~~

GLOWZONE (Word Mark)	87743705 January 4, 2018		041
	87743699 January 4, 2018		041

(Logo Mark)			

We have filed all required affidavits relating to the registered Marks shown above.

~~All Marks are owned by our founder, Ron Whited, which has granted to us, under license (the "Intellectual Property License"), the right to use and franchise the Marks and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States by and to operators of Arenas. The Intellectual Property License does not contain any significant limitations on our right to use or license the Marks to you, and will continue until January 2046, with a right to renew for unlimited successive additional thirty (30) year terms. If the Intellectual Property License were to be terminated, Arenas will have the right to continue using the Marks as determined by Mr. Whited. Except as described above, no~~No currently effective agreements significantly limit our rights to use or license the use of the Marks.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. We are unaware of any infringing uses that could materially affect your use of our Marks.

You will have the right to use all of our Marks in the operation of your Arena. However, you must use the Marks only for the operation of your Arena and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Arena, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Manuals and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes ("Improvements") in the operation of your Arena, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work-made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Arena, Manuals and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the "Confidential Information"). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Manuals and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of an Arena during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Arena .

The Manuals will at all times remain our property exclusively. We may revise the Manuals, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Arena must at all times be under your direct, day-to-day, full-time supervision. If you are a legal entity, you must have a General Manager, approved by us. Your General Manager does not need to hold an equity interest in you. You and your General Manager will be required to attend and successfully complete our Initial Training Program. If your General Manager is unable to complete (or pass) our Initial Training Program, we will require you to designate an alternative manager that must attend and pass the Initial Training Program. You or your General Manager must use his or her best efforts in the operation of your Arena.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Owner Agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Owner Agreement is attached to the Franchise Agreement as Addendum 2. If you are married, we require your spouse to sign the Owner Agreement.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, and any representatives and beneficial owners of the Franchise Agreement, sign the Owner Agreement, and you must forward a copy of these signed agreements to us. You also must ensure that your General Manager and any of your employees that have access to our trade secrets and confidential information each sign the Confidentiality/Non-Competition Agreement (Exhibit H), and you must forward a copy of these signed agreements to us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only services and products that have been approved and specified by us in the Manuals and any updates that are incorporated in the Manuals from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your Arena premises for any other purpose than the operation of an Arena and the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manuals. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not sell products or services within another franchisee's Protected Area. You may not sell products or services from or at any location other than the location of your Arena, unless we approve you to provide catering or delivery services. In that event, you may only provide catering or delivery services within the service area we approve. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites ~~(including, without limitation, Facebook, MySpace, Twitter or any other social or professional networking site or blog)~~ or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

To the extent permitted by applicable law, we have the right to set actual, minimum, or maximum retail prices for services or products that you sell at or from your Arena. We will communicate pricing to you through the Manual or otherwise in writing.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	Agreement starts on the date it is signed and ends 10 years after the date you open your Arena for business.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire two additional term of 5 years each if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not later than 90 days or earlier than 180 days, to renew; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, including a smaller geographic Protected Area; have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us, and not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; remodel your Arena ; pay our successor agreement fee of five thousand dollars ($5,000). If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 17.7	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 17.1 – 17.4	We can terminate the Agreement, automatically or by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. "Cause" defined - curable defaults	Sections 17.3 and 17.4	You have 30 days after notice to cure breaches relating to your: (a) failure to obtain or maintain required insurance coverage; (b) failure to pay any amounts due to us;

Provision	Section in Franchise Agreement	Summary
		(c) failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (d) employees or independent contractors failure to obtain and maintain any permit or license necessary for operating your Arena ; (e) owners engaging in a dispute with one another (deadlock) that materially affects the operation of your Arena, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period; (f) failure to resolve customer complaints and/or disputes in a timely manner; or (g) failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of your failure to comply You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed in Sections 16.1, 16.2, or 16.3.
h. "Cause" defined – non-curable defaults	Sections 17.1 and 17.2	Your Franchise Agreement will terminate automatically, without your ability to cure any defaults, if you: (a) Become insolvent or make a general assignment for the benefit of creditors; (b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent. (c) Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Franchised Business; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction. (d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you. (e) Have a final judgment against you in the amount of twenty five thousand ($25,000) dollars or more that remains unsatisfied or of record for thirty (30) days or longer. (f) Dissolve or liquidate. (g) Have execution levied against your business or property. (h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon. You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you: (i) Fail to open your Arena on or before the date required under the Franchise Agreement; (j) Abandon your Arena or fail to keep it open for a period of three (3) consecutive days, unless it is for a reason beyond your control; (k) Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Arena ; (l) Make an unauthorized transfer of the business; (m) Have your lease cancelled.

Provision	Section in Franchise Agreement	Summary
		(n) Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Arena ; (o) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue; (p) Violate any covenant not to compete or relating to confidential information; (q) Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error; (r) Engage in any activity that has a material adverse effect on the System or the Marks; (s) Receive from us 2 or more notices of default under the Franchise Agreement within a 12-month period regardless of whether you cured those defaults; (t) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks; (u) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism; (u) Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period; or (v) Are absent from two (2) consecutive mandatory training courses, conferences, or conventions, and do not cure this default by attending all of the mandatory training courses, meetings, conferences, and conventions within the 12-month period following our notice to you of your default under this provision.
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination you must cease operating as an Arena, not compete with us, not use our confidential information, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Manuals, records, files and any materials relating to the operation of your Arena, cancel or transfer all telephone numbers and directory listings to us, cancel and cease use of the POS System, comply with all covenants, and pay us liquidated damages.
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee – defined	Section 15.2	Includes transfer of contract, premises of your Arena, assets, or change of any portion of your ownership (if you are a legal entity)
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot transfer the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3	We have the right to condition our approval of any transfer proposed by you upon the following: (a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates; (b) We must have declined our right of first refusal; (c) Your transferee must have completed the initial training program to our satisfaction;

Provision	Section in Franchise Agreement	Summary
		(d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option); (e) You must pay us a transfer fee of fifty percent (50%) of the then-current initial franchise fee we are charging new franchisees. (f) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns; (g) Your transferee must assume all of your liabilities and obligations relating to your Arena ; (h) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your Franchise Agreement; (i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our Affiliates. (j) At your or your transferee's expense, upgrade, remodel, or replace the assets used by your Arena.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Arena.
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent Arena equipment supplier we select.
p. Death or disability of franchisee	Sections 15.7 and 17.9	The estate of the deceased or incapacitated person must, within fifteen (15) days from the date of death or disability, appoint a new General Manager (as the case may be). If that does not happen, we have the ability to exercise our Step-In Rights and operate your Arena until a new General Manager is appointed.
q. Non-competition covenants during the term of the franchise	Section 16.4	You must not be in a competing business anywhere and must not attempt to divert customers of your Arena to any competitive business. Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in Arenas (including but not limited to the Authorized Services); or (ii) sells or offers to sell products the same as or similar to the type of products sold in Arenas (including but not limited to the Authorized Products), other than an Arena operated under a valid Franchise Agreement with us.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	You will not engage in a competing business within twenty-five (25) miles of your former Protected Area, or within twenty-five (25) miles of the protected area of any Arena, for a period of 2 years after your Franchise Agreement is terminated. You may have no involvement in any business that: (i) provides or offers to provide services the same as or similar to the type of services sold in Arenas; or (ii) sells or offers to dispense products the same as or similar to the type of products sold in Arena s. You must not solicit customers or employees of your Arena or any other Arena for a period of two (2) years. Except in the operation of an Arena under a valid franchise agreement, you may not use our trade secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Manuals and other confidential materials provided to you by us. You may not divert any business from us or seek to employ any of our employees or franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 20.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 19.8	Subject to state law, any litigation must be pursued in courts located in ~~Las Vegas, Nevada.~~Los Angeles, California. See any state-specific addendum attached in Exhibit F.
w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. Otherwise, ~~Nevada~~California law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law. The laws of state where your Arena is located will govern your covenant not to compete with us.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

~~The gross sales for our affiliate's Arena (Glowzone Los Angeles in Woodland Hills, California) for the period beginning on March 1st, 2015 and ending on December 31st, 2015 were $2,552,832.33. We sold that Arena in March 2016, and as a result, we do not have full-year gross sales information for that Arena for 2016.~~

~~Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much. See the notes below, which are a material part of this Item.~~

~~Notes:~~

~~1. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.~~

~~2. "Gross sales" includes all consideration, whether by cash, credit, in kind or otherwise, that the store derived directly or indirectly from our affiliate's operation of the Glowzone Arena in Woodland Hills, California.~~

~~2. The results of the Arena included in the above representation may differ materially from your results. Your experience may differ due to the many factors that will impact your Arena. These factors include general economic condition of the area surrounding the location of your Arena, the competition in your market, the physical location, availability of supplies and labor, expenses or levels of expenses peculiar to the area, your effectiveness in managing your Arena, your advertising efforts, and the overall efficiency of your Arena operation. Your energy and dedication to your Arena will also affect its financial results.~~

~~Actual results may vary and we cannot estimate the results of any particular Arena.~~

~~You should conduct an independent investigation of the costs and expenses that you will incur in operating your own Franchised Business. There may be other costs and expenses not identified.~~

~~Other than the representation given above, we~~We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Samantha Hickman at 888-565-5306, or email: Samantha@~~glowzone.us~~glowzoneinternational.com.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

We began offering franchises as of the date of this Franchise Disclosure Document. Accordingly, when we prepared this Franchise Disclosure Document, we had no franchisees and no historical information to provide regarding franchised outlets.

TABLE NO. 1.

Systemwide Outlet Summary for Years ~~2014~~2015 through ~~2016~~2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2015~~2014~~	0	0	0
	~~2015~~2016	0	~~0~~2	~~0~~+2
	2017~~2016~~	~~0~~2	~~1~~4	+~~1~~2
Company-Owned*	2015~~2014~~	0	~~0~~1	~~0~~+1
	~~2015~~2016	~~0~~1	~~1~~0	~~+~~-1
	2017~~2016~~	~~1~~0	~~1~~0	0
Total Outlets	2015~~2014~~	0	~~0~~1	~~0~~+1
	2016~~2015~~	1	~~1~~2	+1
	2017~~2016~~	~~1~~2	~~2~~4	+~~1~~2

~~*Our "Company-Owned" outlet is owned by our affiliate, Glowzone, LLC.~~

* Most of the "franchised" outlets disclosed in this Item 20 are owned by entities that are partially owned by one or more of our owners. These entities are owned 50% by unaffiliated individuals; as a result, we disclose them as franchises.

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years ~~2014~~2015 through 2017~~2016~~

State	Year	Number of Transfers
California	2015~~2014~~	0
	2016~~2015~~	0
	~~2016~~2017	0
Total	2015~~2014~~	0
	2016~~2015~~	0
	~~2016~~2017	0

TABLE NO. 3

Status of Franchised Outlets for Years ~~2014~~2015 through 2017~~2016~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	~~2014~~2015	0	0	0	0	0	0	0
	2016~~2015~~	0	~~0~~1	0	0	0	0	~~0~~1
	~~2016~~2017	~~0~~1	~~1~~2	0	0	0	0	~~1~~3
	~~2014~~2015	0	0	0	0	0	0	0

Nevada~~Total~~	2016	0	1	0	0	0	0	1
~~s~~	2017	1	0	0	0	0	0	1
Totals	2015	0	0	0	0	0	0	0
	2016	~~0~~2	~~1~~0	0	0	0	0	~~1~~2
	2017	2	2	0	0	0	0	4

TABLE NO. 4

Status of Company-Owned Outlets for ~~2014~~2015 through 2017~~2016~~

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	~~2014~~2015	0	~~0~~1	0	0	0	~~0~~1
	2016~~2015~~	~~0~~1	~~1~~0	0	0	~~0~~1	~~1~~0
	~~2016~~2017	~~1~~0	0	0	0	~~1~~0	0
~~Nevada~~Totals	~~2014~~2015	0	~~0~~1	0	0	0	~~0~~1
	~~2015~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2016~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~
~~Totals~~	~~2014~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2015~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~
	2016	1	~~1~~0	0	0	1	~~1~~0
	2017	0	0	0	0	0	0

TABLE NO. 5

Projected Openings for ~~2017~~2018, as of December 31, ~~2016~~2017

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Texas~~California~~	~~1~~3	1	~~1~~0
Illinois~~Texas~~	1	1	0
Totals	~~2~~4	2	~~1~~0

The above figures are estimates only. These numbers may change significantly depending upon a number of factors, including the timing of various state registrations and the success of franchise marketing efforts.

No Franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

List of Franchisees as of December 31, 2017

GZW Enterprises, LLC 6015 De Soto Avenue Woodland Hills, California 91367 (818) 595-0000	GZLV, LLC 6630 Arroyo Springs Street, Suite 1200 Las Vegas, Nevada 89113 702-978-7790
GZHB, LLC 7227 Edinger Avenue Huntington Beach, California 92647 (714) 316-0775	Franchisee: Funfar LLC 1390 Engineer Street Vista, California 92081 (760) 417-4725

List of Franchisees With Agreements Signed, But Are Not Yet Open, as of December 31, 2017

Katy, Texas 786S52, LLC 830 Katy Fort Bend Rd Katy, TX 77494	**Lewisville, Texas** Balaxi FEC Lewisville LLC 2460 S. Stemmons Fwy Lewisville TX 75067
Houston, Texas Balaxi FEC Willowbrook LLC 13150 Breton Ridge St Houston, TX 77070	**Aurora, Illinois** Balaxi FEC Aurora LLC 301 South Route 59 Aurora, IL 60504

Franchisees Who Have Left the System

~~We have just begun our franchise offering with this Franchise Disclosure Document. Accordingly, we do not yet have any franchises to disclose. No licensees~~No franchisees have left the System.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit C are our audited financial statements for the periods ending December 31, 2017, December 31, 2016, and December 31, 2015. Our fiscal year ends on December 31st. We have not been franchising for three years or more and cannot provide all financial statements as required by this item.

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B: the Franchise Agreement

Addenda to Franchise Agreement:

1. Information Regarding You and the Franchised Business; Protected Area
2. Owner Agreement
3. Electronic Funds Transfer Authorization
4. Collateral Assignment of Lease
5. Addendum to Lease

Exhibit E: Form of General Release
Exhibit F: State-Specific Addendum
Exhibit G: Compliance Questionnaire
Exhibit H: Confidentiality and Non-Compete Agreement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit I. Please complete both copies, detach and return the copy marked "Our Copy" to us and keep the other copy in the Franchise Disclosure Document for your own records.

Glowzone International, LLC

EXHIBIT A

List of State Administrators and Agents for Service of Process

EXHIBIT A
LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	California Commissioner of Business Oversight: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90012-2344 San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 San Francisco: 71 Stevenson Street, Suite 2100 San Francisco, CA 94105	Commissioner Department of Business Oversight One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677
Connecticut	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
Florida	Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800	Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221
Georgia	Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334	Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334
Hawaii	Department of Commerce and Consumer Affairs ~~Business Registration Division~~ ~~Securities Compliance Branch~~ 335 Merchant Street, Room 203 Honolulu, HI 96813 (808~~)~~)-586-2722	~~Department~~Commissioner of ~~Commerce and~~ ~~Consumer Affairs~~ ~~Business Registration Division~~ Securities~~ Compliance Branch~~ 335 Merchant Street, Room 203 Honolulu, HI 96813 (808~~)~~)-586-2722
Illinois	Illinois Attorney General Attorney General's Office	Chief, Franchise Bureau Illinois Attorney General

State	Agents for Service of Process	Administrators
	500 South Second Street Springfield, IL 62706	500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust

State	Agents for Service of Process	Administrators
		Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	Attention: Barbara Lasoff Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Securities Commissioner 5th Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5th Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	~~Department of Labor and Regulation~~ Division of Insurance Securities Regulation 124 ~~South~~S. Euclid~~,~~ Suite 104 Pierre, SD 57501 (605) 773-~~4823~~3563	~~Department of Labor and Regulation~~ Division of Insurance Securities Regulation 124 ~~South~~S. Euclid~~,~~ Suite 104 Pierre, SD 57501 (605) 773-~~4823~~3563
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887

State	Agents for Service of Process	Administrators
		Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9th Floor Richmond, VA 23219
Washington	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4th Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street NW Washington, DC 20580 (202) 326-3128

Glowzone International, LLC

EXHIBIT B

Franchise Agreement

FRANCHISE AGREEMENT BETWEEN

Glowzone International, LLC
~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200~~500
~~Las Vegas, Nevada 89113~~
Los Angeles, California 90045

and

____
____
____

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FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is entered into on the Effective Date between Glowzone International, LLC a limited liability company organized under the laws of California ("**we,**" "**us,**" or "**our**"), and the person identified in **Addendum 1** to this Agreement ("**you**" or "**your**"). Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**.

RECITALS

A. We own a System for the establishment and operation of Arenas offering imaginative, challenging and interactive environments in which to compete and have fun (each, an "**Arena**").

B. We have the right to license the Marks and the System in connection with the operation of Arenas; and

C. You want to obtain the rights to use the Marks and want to be assisted, trained, and licensed by us, as our franchisee, to use the System and the Marks in the operation of your Arena, and we are willing to grant you such rights under the terms and conditions of this Agreement.

You and we therefore agree as follows:

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS

You understand, represent to us, certify, and agree to the following:

1.1. Success Depends Upon You. You are an independently owned and operated business whose success is dependent on your own efforts and those of your management, employees and independent contractors, as well as business conditions in general.

1.2. System Modifications. We reserve the right to modify any aspect or element of the Trade Dress and/or the System. This includes, but is not limited to, our right to: (1) modify, change or abandon the strategy on which Arenas are currently based; (2) add or change the standards for customer service and products; and (3) require the use of new or different equipment~~.~~, Trade Dress, or Marks. Such changes will generally be communicated to you through the Brand Standards Manual. You will promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply.

1.3. System Variations. Because complete uniformity under various market circumstances may not always be possible or desirable, we, in our discretion, reserve the absolute and exclusive right to vary the standards for any Arena based upon the customs or circumstances of a particular market area, density of population, existing business practices or any condition that we deem to be of importance to the operation of such franchisee's Arena. ~~We, in our discretion, may enter into~~Our contracts with ~~others for the operation of~~ other ~~Arenas, which contracts~~franchisees may contain provisions that ~~vary~~are materially different from this Agreement.

1.4. Independent Investigation. You have conducted your own investigation of all financial requirements, business and legal risks with respect to Glowzone in general and operating your Arena in particular. You have had the opportunity to read and review our Franchise Disclosure Document and this Agreement at least fourteen (14) calendar days before signing this Agreement, and to be advised by legal counsel or a personal advisor, or you have chosen not to do so without any influence by us.

1.5. No Representations Regarding Success or Profitability. Neither we, nor anyone acting on our behalf, have made any statements, representations, projections, forecasts, warranties or guarantees (express or implied, written or oral) to you, including any statements regarding the potential financial or business success of your Arena or with respect to your Arena's potential, expected or actual Gross Sales, income, profits, earnings or expenses, other than any such statements that are contained in our Franchise Disclosure Document. You have not relied upon any guarantee, warranty, projection, forecast or earnings claim, whether express, implied, purported or alleged, in entering into this Agreement, other than that contained in Item 19 of our Franchise Disclosure Document (if we make any).

1.6. Accuracy of Information. You have ensured that all information you have submitted to us in connection with your application for this franchise was complete and accurate when you gave it to us. You represent to us that there have been no material changes in that information or other changes in material circumstances between the time you submitted the information to us and the Effective Date.

1.7. Permits, Licenses, and Legal Requirements. You understand that restaurants and family activity centers are highly regulated businesses and that you will be required, under applicable Legal Requirements, to secure licenses and permission from the appropriate government authorities to operate your Arena. It is your responsibility to familiarize yourself with all applicable Legal Requirements, and we have made no representations as to the nature of such Legal Requirements or your ability to qualify or comply with them.

1.8. Your Ownership. If you are a Business Entity, you represent that:

1.8.1. Every one of your Owners has signed the Owner Agreement, attached as **Addendum 2**.

1.8.2. You are duly organized and validly existing under the laws of the state of your organization, and you are duly qualified to transact business in the state in which your Arena is located.

1.8.3. You have the authority to execute and deliver this Agreement and all related agreements and to perform your obligations under all such agreements.

1.8.4. Your organizing documents state that your activities are restricted to those necessary solely for the development, ownership and operation of a Arena in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates.

1.8.5. The articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interests are restricted by the terms of this Agreement.

1.8.6. All certificates representing direct or indirect legal or beneficial ownership interests in you, now or later issued, do or will bear a legend that conforms with the Legal Requirements reciting or referring to such restrictions.

If you are an individual or sole proprietorship but later become a Business Entity, you must ensure that you comply with, and that your organizing documents are consistent with, each one of the above requirements and representations.

1.9. Disclosure of Ownership Interests. You and, if you are a Business Entity, each of your Owners represents, warrants and agrees that the provisions in **Addendum 1** that pertain to your Business Entity and its ownership is current, complete and accurate. You agree that updates or changes to **Addendum 1** will be furnished promptly to us, so that it (as revised and signed by you) is at all times current, complete and accurate.

1.10. Anti-Terrorism Laws. Neither you, nor your Owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf) You agree not to hire or have any dealings with any person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your Owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities in this Agreement pertain to your obligations under this Section.

1.11. No Business Opportunity. We will not provide or designate locations for you. We will not provide financial assistance to you (other than as stated in Item 10 of our Franchise Disclosure Document). We have not represented to you that we will buy back from you you any of the products, inventory, supplies or equipment that you purchase in connection with your Arena.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise. Subject to the terms and conditions of this Agreement, we grant you the right to operate one Arena only at the Approved Location and only within the Protected Area identified in **Addendum 1**. You agree to equip and operate, under the terms of this Agreement and the Brand Standards Manual, a single Arena operating under the System and specializing in offering specific Authorized Services and Authorized Products as specified by us in the Brand Standards Manual, only under the Marks and only at the Approved Location.

2.2. Restrictions on License. You do not have the right to grant franchises or sub-licenses of any kind to any other party, nor do you have the right to operate more than one Arena within the Protected Area, unless otherwise provided by separate agreement. You will operate your Arena only within the Protected Area. You will not allow any part of your Arena to be used for any purpose other than that explicitly granted to you by this Agreement or identified in the Brand Standards Manual. You will not conduct any business at your Arena or within the Protected Area other than as authorized under this Agreement without our prior written approval.

3. LOCATING, CONSTRUCTING AND EQUIPPING YOUR ARENA

3.1. Approved Location and Relocation. Your Arena will be located at the Approved Location listed on **Addendum 1**. If no Approved Location has been inserted in the blank space provided in **Addendum 1** at the time you and we execute this Agreement, it will be inserted when determined as outlined in Section 3.2 below. You may not relocate your Arena without our prior written consent. You must select and obtain our approval of a site within one hundred and eighty (180) days after the Effective Date. You must sign a lease for your site not more than two hundred and ten (210) days after the Effective Date.

3.2. Site Selection. You agree that you are responsible for selecting the site for the Approved

Location. You are responsible for independently investigating the demographic characteristics, competition, and market for the services that you will provide through your Arena in the market area where you intend to operate. We will, however, provide you with guidance and our standards for site selection. You must obtain our approval before you commit to a site.

3.2.1. You must seek our approval by advising us in writing of the street address and location for the proposed Arena, and by providing us with a copy of any demographic information that you possess on the proposed location as we require, in the form we prescribe. Within twenty-one (21) days after we receive the demographic information from you, we will approve or disapprove of the proposed site. If you and we do not agree on the site for your Arena, you must attempt to locate another acceptable site. If we and you cannot reasonably agree on a site within one hundred and eighty (180) days of the Effective Date, we have the right to terminate this Agreement without making any refund to you. We reserve the right to approve or disapprove any site location you propose based upon our review of the site.

3.2.2. WE DO NOT REPRESENT THAT WE, OR ANY OF OUR AFFILIATES, OWNERS, EMPLOYEES, DESIGNATED CONSULTANTS OR AGENTS, HAVE ANY SPECIAL EXPERTISE IN SELECTING ARENA SITES. NEITHER OUR ASSISTANCE NOR APPROVAL IS INTENDED TO INDICATE, OR INDICATES, THAT YOUR ARENA WILL BE PROFITABLE OR SUCCESSFUL AT THE APPROVED LOCATION. YOU ARE SOLELY RESPONSIBLE FOR IDENTIFYING THE APPROVED LOCATION.

3.3. Our Approval of the Lease. You must obtain our approval of any lease for the Approved Location by submitting to us a copy of the proposed lease. You must submit a copy of the proposed lease to us within thirty (30) days of the day we accept your Approved Location. We will accept or reject the proposed lease as soon as practicable, but in no event longer than fifteen (15) days after we receive it from you. You must not enter into any lease for the Approved Location unless you have received our acceptance. When executing the lease (and regardless of whether we have accepted the lease), you must not agree to any lease terms that would create, or purport to create, any obligations on our behalf, nor may you grant or purport to grant to your landlord any rights against us, or agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement. You must deliver to us a fully-executed copy of the final, approved lease promptly after it is fully executed. OUR REVIEW OF A LEASE, OR ANY ADVICE OR RECOMMENDATION OFFERED BY US, WILL NOT CONSTITUTE A REPRESENTATION OR GUARANTEE THAT YOU WILL SUCCEED AT THE APPROVED LOCATION, NOR WILL IT CONSTITUTE ANY EXPRESSION OF OUR OPINION REGARDING THE TERMS OF THE LEASE.

3.4. Required Lease Terms. You must execute a "Collateral Assignment of Lease," in the form found in **Addendum 4**, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. In addition, the lease must, unless we otherwise consent in writing, be modified by **Addendum 5**.

3.5. Obtain Our Approval of Your Plans. You must submit to us for approval all construction plans, specifications, and any proposed deviations for any construction and any remodeling of your Arena. We will approve or disapprove such plans within 30 days of the date you submit them to us. Our approval of construction plans and specifications is not a warranty of their appropriateness, and means only that they comply with our minimum specifications.

3.6. Developing Your Arena. We will communicate with you and the approved suppliers for the initial design and construction of your Arena regarding our standards and specifications for the design, layout, appearance and equipment in your Arena location. You, however, are solely responsible for developing and constructing your Arena. This means that you must, at your own expense: (a) secure all financing to develop and operate your Arena and acquire and maintain adequate capital reserves; (b) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (c) obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses; (d) purchase insurance for your Arena; (e) obtain all building inspections and approvals, occupancy and/or construction permits, and architectural drawings; and (f) engage a licensed architect and licensed contractor(s) to construct, remodel, renovate, and/or equip all improvements to your Arena and decorate it according to the plans and specifications that we approve, and in accordance with the requirements of your lease~~.~~, and communicate with us about your chosen architects, contractors, or managers.

3.7. Opening Deadline. You agree that all construction or remodeling will be completed, and that your Arena will be open and operating, no later than three hundred and sixty five (365) days after the Effective Date, unless we otherwise agree in writing. If you fail to open your Arena on or before the deadline stated in this Section 3.7, we will have the right to ~~either: a)~~ deem your failure to constitute a material default of this Agreement, and we will have the right to terminate the Agreement, without refunding any fees that you have paid to us~~; or b) begin charging you the Royalty Fee.~~. If you begin operating your Arena before we approve your opening, in addition to our other remedies, you must pay all fees charged under this Agreement from the date you begin operating your Arena using the Marks. **You must obtain our written approval before opening your Arena, and nothing in this Section can be construed as permitting you to begin operation without our written approval.** We will not approve your opening unless: 1) you and your General Manager have completed the Initial Training Program to our satisfaction; 2) you have obtained all required licenses; and 3) you are in full compliance with this Agreement.

4. PROTECTED AREA

4.1. Protected Area. Subject to the terms and conditions of this Agreement, and provided you are not in material default of this Agreement and/or any other agreement between us (or any of our Affiliates), which default remains uncured after the expiration of an applicable cure period (if any), we will not during the Term within the Protected Area operate, nor permit any third party to operate, a Arena under the Marks ~~or System~~ other than as stated in Section 4.1. The Protected Area will be identified in **Addendum 1**.

4.1.1. If your Approved Location has not been identified as of the Effective Date, your Protected Area will be identified, and entered on **Addendum 1**, at the time you obtain our approval of the Approved Location. You and we will describe your *anticipated* Protected Area in general terms in the "general description" in Section B of **Addendum 1**. Your and our listing of the general description of your Protected Area does not give you any rights of exclusivity in the identified area, and is only used for a reference. We may sell other Arenas in the area identified in Section B of **Addendum 1**.

4.1.2. After we have approved a location for your Arena, you and we will enter them in Section C of **Addendum 1**. As the Protected Area is dependent on the location of your Arena, we will present you with the Protected Area upon the identification of the site for your Arena. If you do not wish to accept the Protected Area, you may choose another site location and we will present you with another Protected Area based on the site selected.

4.2. No Other Protection. You acknowledge that, other than the limited exclusivity we grant you in Section 4.1, we and our Affiliates retain all other rights~~ within your Protected Area~~, including but not limited to the ~~right~~rights to:

4.2.1. Use, and to franchise or license other persons to use, the Marks and System for the operation of Arenas or any other businesses that are similar or dissimilar to your Arena at any location outside of the Protected Area.

4.2.2. Use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Protected Area, in association with operations that are similar to, the same as, or different from Arenas.

4.2.3. Offer or sell Authorized Services and Products, or grant others the right to offer and sell Authorized Services and Products, whether using the Marks, or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Protected Area.

4.2.4. Maintain any websites utilizing a domain name incorporating the Marks or derivatives of them. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

4.2.5. ~~Conduct general advertising for~~Advertise and promote, and to permit other franchisees to advertise and promote, other Arenas operated under the System and the Marks within~~, and travel through, the~~ your Protected Area.

4.2.6. Acquire, merge, combine with, or be acquired by businesses that are the same as or similar to your Arena and operate such businesses regardless of where such businesses are located, including inside the Protected Area, and to be acquired by any third party which operates businesses that are the same as, or similar to, your Arena, regardless of where such businesses are located, including inside the Protected Area. We will not, however, re-brand any such businesses located inside the Protected Area by allowing them to use the Marks.

5. TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE

5.1. Term. The Term of this Agreement commences on the Effective Date, and, unless sooner terminated in accordance with Article 17, will expire on the tenth (10th) anniversary of the Commencement Date (the "**Term**").

5.2. Right to Acquire Successor Franchise. After the expiration of the initial Term, you may, at your option, acquire a successor franchise for two (2) additional terms of five (5) years each, unless you are signing this Agreement under a successor franchise agreement for an existing Arena, in which case your successor term will be governed by the term of your original franchise agreement. To qualify for a successor franchise, we have the right to insist on your fulfillment of any or all of the following conditions:

5.2.1. You must give us written notice of your election to acquire a successor franchise not less than ninety (90) days nor more than one hundred and eighty (180) days prior to the end of the Term.

5.2.2. You must execute our then-current standard form of franchise agreement (the "**Successor Franchise Agreement**"), which may, in our sole discretion, include substantially different terms than those contained in this Agreement, including but not limited to, higher, additional, or different fees (including a higher Royalty Fee and Brand Fund Fee) and a smaller Protected Area, but you will not have to pay a new initial franchise fee.

5.2.3. You and each of your Owners must have executed a general release, in our then-current form (the current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release you give us will not be inconsistent with any state law regulating franchising.

5.2.4. You are not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between you and us or our Affiliates, and you have not committed and received notice of two (2) or more breaches of this Agreement during any twelve (12) month period during the Term, even if such breaches were timely remedied.

5.2.5. You must have the right to continue to occupy the Approved Location, or you will relocate your Arena to a different location that we have approved.

5.2.6. You must make or provide for, in a manner satisfactory to us, such changes as may be necessary to bring your Arena up to our current standards, including, without limitation, installation of new equipment and software and the remodeling and/or renovation of your Arena and décor to reflect the then-current standards and image of the System.

5.2.7. You must provide proof that you have all current licenses, insurance, and permits in compliance with Legal Requirements for you to continue operating your Arena.

5.2.8. You must pay us a fee of fifty percent (50%) of the then-current initial franchise fee we are charging new franchisees.

5.3. Interim Period. If you do not sign the Successor Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after it expires, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after the date of the notice to terminate the Interim Period. In the latter case, all of your obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period. In this Agreement, all references to the Term will include any Interim Period.

6. PAYMENTS

6.1. Initial Franchise Fee. In consideration of the parties' promises and covenants to one another, you will pay us a lump-sum initial franchise fee of sixty thousand dollars ($60,000) upon execution of this Agreement **("Initial Franchise Fee")**. This fee will be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to grant a franchise within the Protected Area to a third party.

6.2. Royalty Fee. You will pay us, on or before the Payment Date, a continuing royalty fee ("**Royalty**

Fee") equal to six percent (6%) of your Gross Sales that you earned during the prior Reporting Period just ended.

6.3. Payment to Brand Fund. At our option, we can require you to pay us, on or before the Payment Date, a continuing Brand Fund Fee of one percent (1%) of your Gross Sales ("**Brand Fund Fee**") during the Reporting Period just ended. We will deposit the Brand Fund Fee into an advertising and marketing fund that we maintain ("**Brand Fund**").

6.4. Time and Manner of Payments. With the exception of the Initial Franchise Fee, we may require you to make all payments owed under this Agreement by means of electronic funds transfer ("**EFT**"), or such other manner that we designate from time-to-time. You must ensure that each Royalty Fee and Brand Fund Fee payment is, without exception, accompanied by a statement of your Gross Sales during the just-ended Reporting Period on a form approved by us, which form may be electronic.

6.4.1. We must receive from you all fees due for each Reporting Period on or before the applicable Payment Date.

6.4.2. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method, and to execute our "EFT Authorization Agreement," which is attached to this Agreement as **Addendum 3**. Under this procedure, you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due on those amounts. You must make funds available to us for withdrawal by electronic transfer no later than the Payment Date.

6.4.3. If funds in your account are insufficient to cover the amounts payable at the time we make our funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies we have.

6.4.4. If you have not timely reported your Gross Sales to us for any Reporting Period, then we will, at our option, have the right to debit your account in an amount equal to: (a) the fees transferred from your account for the last Reporting Period for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the POS System.

6.5. Application of Funds; Withholding of Payments. If you become delinquent in the payment of any monetary obligation to us, we will have the absolute right to apply any payments received from you to any obligation owed, whether under this Agreement, or under any other agreement, between you and us, notwithstanding any other designation by you as to application. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

6.6. Late Reports and Payments. If we do not timely receive any fee or any other amount due under this Agreement on or before the applicable due date, or if we do not receive a report that you are required to give us on or before the date that it is due, you will pay us a late fee equal to $300, plus the lesser of the daily equivalent of 1.5% per month simple interest of any overdue amount, or the highest rate then permitted by applicable law, for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments.

6.7. Reimbursement of our Costs of Collection. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with this Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. These amounts must be paid to us by you within five (5) days after you cure the default, or upon demand by us if your default is not cured.

6.8. Taxes; Payments to Others. All payment obligations pertaining to your Arena, including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely your obligations and not ours. We will not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other taxes levied against you or your assets, or against us, in connection with your Arena, or any payments you make to us under this Agreement or any other agreement. You must reimburse us for any gross receipts, sales, income, use or other tax assessed by any taxing authority in the state where your Arena is located, on any fees or other amounts payable by you to us under this Agreement. We will not be liable or responsible for your compliance (or failure to comply) with any and all Legal Requirements.

7. TRADEMARK STANDARD AND USE REQUIREMENTS

7.1. Ownership. You agree that the Marks, Intellectual Property, and System are our (or our Affiliate(s)) exclusive property, and that you will never assert any claim to any goodwill, reputation or ownership relating to or associated with the Marks or Intellectual Property. You will never engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. You will not contest or assist any other party to contest our rights in any of the Marks or the goodwill associated with the Marks. You will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. You agree to provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all rights, title and interest in and to the Marks, including all items we reasonably request to assist us in registering, maintaining and enforcing our rights in the Marks. You acknowledge that we will suffer irreparable damage and will have no adequate remedy at law as a result of your unauthorized or infringing use of the Marks, and you agree that we will have the right to seek injunctive relief in a court of competent jurisdiction in the event that you use the Marks in an unauthorized or infringing manner.

7.2. Changes. We, from time to time in our discretion, may modify all or any part of the Marks. We may require you to use one or more additional or substitute Marks. You will have no rights or claim of damages, offset, or right to terminate this Agreement as a result of any such modification and we will not have any liability or obligation to you with respect to your required modification or discontinuance of any Marks. Upon receipt of notice of such modifications, you, as soon as reasonably possible, will cease using the former Marks and commence using the modified Marks at your sole cost and expense.

7.3. Permitted Use. Your right to use: the Marks; any proprietary software; other materials in which we claim a copyright, trademark, or other right to exclusive use; the Trade Dress; trade secrets; Confidential Information; and other Intellectual Property as granted in this Agreement, is limited to your use of those materials, items, or Intellectual Property in connection with your operation of your Arena, and otherwise as described in this Agreement and as authorized in the Brand Standards Manual, or as we may prescribe in writing from time to time.

7.3.1. You may use only the Marks to identify and distinguish the services offered by you. You cannot use Intellectual Property for any service or product that is not specifically authorized in the Agreement or Brand Standards Manual without our express written consent. You must comply with all of our trademark, trade name and service mark notice marking requirements, including affixing "SM," "TM," or "®," adjacent to all Marks in any and all uses of the Marks.

7.3.2. You will not use anything that resembles or is deceptively or confusingly similar to the Marks, the System, or the Intellectual Property, in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. You will use the Marks only for the uses and in the manner we permit. You acknowledge that you are required, to the extent possible, to prevent persons or parties associated with or employed by you from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Internet, Social Media, and Domain Name. For so long as you are not in default of this Agreement, we will list your Arena location on our Internet website and, at our discretion, we may provide to you a website that is contained in our primary website. You, your employees, independent contractors, sales associates and representatives may not use, license, or register any domain name or URL (or other means of identifying you or your Arena on the Internet) that uses a mark, image, or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without our prior written consent. At our request, you must promptly assign or redirect (or cause to be assigned or redirected) to us any domain name, URL, or other identification that violates this Agreement or the policies stated in the Brand Standards Manual at your expense and without compensation from us. The content you submit to us or use for any Internet marketing must be true, correct and accurate. At our request, you will promptly modify any of your Internet marketing material containing the Marks to conform to the standards stated in the Brand Standards Manual. You may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission to do so or unless such activities are expressly authorized by the Brand Standards Manual. You agree and acknowledge that your on-line promotional strategies must comply with our on-line policy, and you understand that our on-line policy may completely prohibit you from using the Internet to promote your Arena except through our website(s). You further agree and acknowledge that we may review, monitor, and require changes to all on-line content on your websites, social media sites, blogs, electronic communication and other on-line sites on which our Marks or Intellectual Property are used.

7.6. Infringement. You must notify us of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks or the Intellectual Property, but you may not take any action against suspected infringers without our express written permission. You must notify us within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation of them. If you notify us in a timely manner of a claim against you relating to the Marks, we will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks. In the event we take legal action to protect our Marks or authorize you to do so, we will be responsible for all costs (including reasonable attorneys' fees) related to such legal action. You must execute any and all documents, do such acts and things that may be necessary, and cooperate with us and with any action undertaken by us concerning litigation relating to the Marks.

8. ADVERTISING

8.1. Your Advertising. All of your advertising, promotion and marketing must be completely clear and factual and not misleading, and must conform to the highest standards of ethical marketing and the policies which we prescribe from time to time, in the Brand Standards Manual or otherwise. You may not use any advertising or promotional materials that we have disapproved at any time or for any purpose. Upon our request, you will provide to us for our review samples of any and all advertising and promotional material bearing the Marks. With the exception of advertising materials created and provided to you by us, at least fifteen (15) days before using them, you must submit to us all advertising materials you intend to use, which approval will be in our sole discretion. You will not use such materials until they have been approved by us, and you must promptly discontinue use of any advertising material upon our request. Any materials submitted by you to us which have not been disapproved by us in writing within fifteen (15) days of our receipt of them are deemed disapproved. At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Arena.

8.2. Local Advertising. During each and every quarter of the Term, you must spend a minimum of ~~one~~three percent (~~1~~3%) of your Gross Sales ("**Local Advertising Requirement**") for marketing, public relations efforts, advertising, and promotion within your Protected Area during each and every calendar month. If you own multiple Arenas in a contiguous area, we may, but are not obligated to, reduce your Local Advertising Requirement.

8.2.1. You must make the expenditures directly, subject to our approval (as stated in Section 8.1). The medium in which you choose to advertise is within your reasonable business judgment. Within thirty (30) days of the end of each calendar month, you must furnish to us, in a manner approved by us, an accounting of your expenditures on local marketing and promotion for the preceding calendar month.

8.2.2. We will measure your compliance with this requirement on a rolling three-month basis, meaning that as long as your average monthly expenditure on local advertising over the three-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If the accounting does not demonstrate that you met the Local Advertising Requirement during the previous three-month period, or you fail to submit the required accounting, you must pay us the shortfall between your actual expenditure and the Local Advertising Requirement. We will deposit those funds into the Brand Fund, and spend them as part of the Brand Fund.

8.3. Grand Opening Marketing. You agree to conduct grand opening marketing for your Arena ("**Grand Opening Marketing**"). During the period beginning several days before the Commencement Date and ending thirty (30) days after the Commencement Date, you must spend a minimum of between five thousand dollars ($5,000) and fifteen thousand dollars ($15,000) on such Grand Opening Marketing, which will be applied towards your Local Advertising Requirement for the first two (2) months after the Commencement Date. We will determine the exact minimum amount of your Grand Opening Marketing requirement depending on the size of the market in which your Arena will be located. You must use any particular media and advertising agencies we designate in connection with such Grand Opening Marketing efforts. Your Grand Opening Marketing spend may include discounted or free activities or food, radio or television promotions, public figure appearances, or other advertising and promotional efforts. We agree to furnish you with such advice and guidance as we deem appropriate with respect to your Grand Opening Marketing efforts. In our discretion, we can require you to pay to us the entire amount stated in this Section 8.3, and we will spend the amount advertising your Arena on your behalf. All of your Grand Opening Marketing must utilize marketing and public relations programs and media and advertising materials we have approved.

8.4. Brand Fund. We will establish and maintain a Brand Fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our Affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We will not use the Brand Fund for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include information concerning franchise opportunities in all advertising prepared using the Brand Fund~~ (including Internet advertising) information concerning franchise opportunities.~~.

8.5. Your Acknowledgement. You agree and acknowledge that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally and that we have no obligation, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your Brand Fund Fee contributions, or to ensure that your Arena or any other particular Arena benefits directly or pro rata from the advertising or promotion conducted or developed by the Brand Fund. You further acknowledge that we own all rights, and retain all copyrights, in all design and content developed using the Brand Fund, and that we will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with the Brand Fund, and the allocations of the Brand Fund to production, placement, and other costs. We have no fiduciary duty to you or to any other person with respect to the collection or expenditure of the Brand Fund, except that the monies in the Brand Fund will be spent only in the manners described in this Article 8. Each Arena owned by us, or our Affiliate(s), will contribute to the Brand Fund on the same basis and at the same percentage as you do.

8.6. Fund Accounting. All contributions to the Brand Fund will be deposited into and disbursed from a bank account which may be commingled with our other accounts, except that we will account for the Brand Fund separately from the other funds in such account(s). Upon your written request, we will furnish to you, after ninety (90) days of the end of the calendar year, a report for the preceding year showing the expenditures made from the Brand Fund during such calendar year and amount remaining for use (if any) during the following year. This report will not be audited.

8.7. Unused Funds; Termination. We anticipate that all contributions to, and earnings of, the Brand Fund will be spent for the purposes stated above during the fiscal year in which the contributions and earnings are received. However, if unexpended amounts remain in the Brand Fund at the end of the fiscal year, all expenditures in the following fiscal year will be made first out of the unspent contributions, and then out of new contributions. Although the Brand Fund is intended to be of perpetual duration, we may in our sole discretion terminate the Brand Fund or suspend its operation. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for the purposes stated in this Article 8.

8.8. Cooperative Advertising. We have the right, in our sole discretion, to designate geographic areas for purposes of establishing local or regional advertising cooperatives ("**Cooperatives**") comprised of the Arena located within such geographic area. If your Arena is within the territory of an existing Cooperative at the time you open for business, you must immediately begin participating in the Cooperative. If a Cooperative applicable to your Arena is established during the Term, you must begin participating no later than thirty (30) days after the date the Cooperative begins operating. In no event will your Arena be required to contribute to more than one Cooperative; however, if you own multiple Arena, each Arena owned by you will be required to contribute to the Cooperative applicable to that Arena. We (or our Affiliates, as the case may be) will become a member in any Cooperative established for a geographic area that includes a Arena owned by us or our Affiliates. The following provisions will apply to each Cooperative:

8.8.1. Purpose; Governance. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, promotional materials for use by members in local advertising. Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, that we approve in advance in writing. Each Arena within a Cooperative will have one (1) vote for any matters on which the Cooperative's members are permitted to vote. We reserve the right to change, in our sole discretion, the form and manner of the organization and governance of any Cooperative and you agree to implement any such change immediately upon notice from us. No changes in the bylaws or other governing documents of a Cooperative will be made without our prior written consent.

8.8.2. Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval.

8.8.3. Contribution Amount. You and each other member of the Cooperative must contribute to the Cooperative on a monthly basis, on such specific days as established by the Cooperative or by us, the amount determined by the membership. We can set the amount of your required contribution to the Cooperative in our discretion, but in no event will we require you to spend more than a total of ~~one~~three percent (~~1~~3%) of your Gross Sales towards your Cooperative contribution and Local Advertising Requirement, unless you and the other members of the Cooperative vote to increase the contribution level beyond the amount we require. Each required contribution will be submitted together with such statements or reports as we may require, or by the Cooperative with our prior written approval.

8.8.4. Audit. We and our designated agents will have the right to examine, copy, and audit, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative.

9. OPERATING YOUR ARENA

9.1. General Manager. Your Arena must at all times be operated under your direct supervision (if you are an individual) or by a manager (if you do not supervise your Arena personally, or you are a Business Entity) who: (a) is approved by us; (b) has successfully completed the Initial Training Program and all other training programs required by us from time to time; and (c) devotes his or her full time (a minimum of 40 hours per week) and best efforts to operating your Arena (your "**General Manager**"). We have the right to deal with the General Manager on matters pertaining to day-to-day operations of, and reporting requirements for, your Arena. Your initial General Manager is identified on **Addendum 1**. In the event that the General Manager elects to end his/her relationship with you, you must recruit a new General Manager within 30 days and submit his/her qualifications to us for review and approval.

9.2. Sale of Authorized Services and Products Only. You acknowledge that it is critically important to the System that all products and services sold by your Arena meet our quality standards. You must advertise and sell only Authorized Services and Products. You acknowledge that you may not be permitted to sell all Authorized Services and Products at all times. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Brand Standards Manual or any other communication) relating to the appearance, function, cleanliness or operation of a Arena, including:

9.2.1. Design, layout, decor, appearance and lighting; equipment, equipment layout and activity offerings which may include equipment such as as miniature golf equipment, glow in the dark equipment, harnesses, laser tag equipment, rock climbing wall equipment, bumper cars and related bumper car arena equipment, and other items required or permitted for Arenas; periodic maintenance, cleaning, pest control and sanitation; use of interior and exterior signs, emblems, lettering and logos and the illumination of them. Your signs must conform in all respects to our specifications and requirements and the layout and design plan that we approve, subject only to restrictions imposed by Legal Requirements or by your lease.

9.2.2. Types, models and brands of required fixtures, furnishings, products, materials, items, equipment, signs, materials, supplies, and paper goods. You acknowledge and agree that from time to time, we may modify the list of approved types, brands, models or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier which is no longer approved by us.

9.2.3. Designated or Approved Suppliers (which may be limited to or include us or our Affiliates) of fixtures, furnishings, equipment, signs, products, materials, supplies, and services.

9.2.4. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, materials, supplies and services including direct labor, that you obtain from us, our Affiliates or others.

9.2.5. Required inventory levels of Authorized Products. We have the right to require you to purchase any or all of the Authorized Products sold at or from your Arena from us or our Affiliates~~.~~, and you must maintain in sufficient supply all products, materials, supplies, ingredients, equipment, and items we designate and require you to have on-hand in your Arena.

You agree that you will not use products purchased from Approved Suppliers for any purpose other than operating your Arena. ALTHOUGH APPROVED OR DESIGNATED, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO INVENTORY, SERVICES, PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO OR BY US.

9.3. Authorized Offerings. You must only offer and sell such events, products and other services as we designate and approve in writing from time to time (the "**Authorized Offerings**") at your Arena. You must offer for sale from your Arena all items and only those items that we inform you are Authorized Offerings. You must offer the full Authorized Offerings during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with any reasonable modifications we make. You must cease selling any previously approved product, service, or menu item within thirty (30) days after receipt of notice that the product, service, or event is no longer approved. You must use in the operation of the your Arena and in the preparation of Authorized Offerings only the proprietary equipment, providers, processes and supplies, and you must prepare and serve Authorized Offerings items and products in such portions, sizes, appearance, and packaging, all as we specify in the

Brand Standards Manual or otherwise in writing, and you must purchase them only from Approved Suppliers. You acknowledge and agree that we may change these periodically and that you are obligated to conform to these requirements. We may authorize test marketing of proposed Authorized Services or Products at any Arena or Arena as we deem appropriate.

9.4. Constructing, Developing, and Operating Your Arena. In constructing, developing, and operating your Arena, you agree to use only those fixtures, furnishings, equipment (including the POS System), décor and signs that we have approved for Arena as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time, and you agree to refrain from installing in your Arena any fixtures, furnishings, equipment, signs, or other items that we have not approved in writing. You agree to purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our Affiliates). You will pay the then-current price in effect for all such purchases you make from us and/or our Affiliates. We will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies we require you otherwise to obtain prior to you begin constructing your Arena. You will establish independent commercial relationships with our Approved Suppliers for specific items.

9.5. Alternative Suppliers. If you want to make purchases from a supplier other than an Approved Supplier, you must first submit to us a written request to approve the proposed supplier, together with any documentation regarding that supplier that we reasonably request. Within 30 days after receiving a completed request, and completion of such evaluation and testing (if we require), we will notify you in writing of our approval or disapproval of the proposed supplier. We may revoke our approval at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. You must stop purchasing from a disapproved supplier upon notification from us that it has been disapproved.

9.6. Acknowledgement of Markup or Rebates. You acknowledge and agree that we and our Affiliates have the right to a reasonable markup on all items that you are required to purchase from us and our Affiliates. Further, you acknowledge that we may receive from Approved Suppliers periodic volume rebates or other revenue or consideration as a result of your purchases. You further acknowledge and agree that we are entitled to keep such rebates and revenue for our own use, regardless of whether we choose to do so.

9.7. Maintenance and Refurbishment. You must, at your sole expense, do all things necessary to comply with the System, including keeping the physical premises of your Arena and all of its equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Brand Standards Manual or as we otherwise require; and (ii) in a neat, clean, attractive, safe and sanitary condition; replacing equipment, and other assets only with those that we have approved as, in our discretion, they become worn out or otherwise unsuitable for use. You must make, at your expense, all additions, repairs, replacements improvements and alterations to your Arena and your equipment as we determine necessary so that your Arena, equipment, and assets that are viewed by the public will conform to the System's image, as may be prescribed by us from time to time. You must undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which we may reasonably specify. If, however, any condition presents a threat to customers or public safety, you must address the condition immediately. We will not require you to spend more than five percent (5%) of your annual Gross Sales on remodeling of your Arena during any one (1) year period during the Term. If, in any one year, we do not require you to spend up to five percent (5%) of your annual Gross Sales on remodeling of your Arena, then the amount we did not require you to spend will be added to the maximum amount of remodeling spending for future years. Otherwise, you recognize and agree that there are no limitations on this obligation, and acknowledge and agree that the requirements of this Section 9.7 are both reasonable and necessary to ensure continued public acceptance and patronage of Arena and to avoid deterioration or obsolescence in connection with the operation of your Arena.

9.8. Comply with Lease Requirements. You agree to refrain from any activity that may jeopardize your right to remain in possession of, or to renew the lease for your Approved Location. You also agree to comply with all terms of your lease or sublease, and all other agreements affecting the operation of your Arena.

9.9. Your Employees and Independent Contractors. You agree to maintain a competent, conscientious, trained staff, sufficiently literate and fluent in the English language and in a sufficient number; ensure that your employees and independent contractors provide competent, prompt, courteous, and knowledgeable service, and that they meet our minimum standards (as specified in the Brand Standards Manual) to preserve good customer relations. You must require your employees to wear uniforms while working at or for your Arena of such design and color as we may prescribe in the Brand Standards Manual.

9.10. Brand Standards Manual. You must operate your Arena in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Brand Standards Manual. You must supervise your General Manager, managers, employees, independent contractors and Affiliates to ensure their compliance with the Brand Standards Manual. We have the right to prescribe additions to, deletions from or revisions of the Brand Standards Manual (the "**Supplements**"), all of which will be considered part of the Brand Standards Manual. All references to the Brand Standards Manual in this Agreement will include the Supplements. Supplements will become binding on you as if originally set forth in the Brand Standards Manual, upon being delivered to you (unless we specify a longer period). We will provide you with up to thirty (30) days to comply with any material change made by us to our standards. The Brand Standards Manual are material in that they will affect the operation of your Arena, but they will not conflict with or materially alter your rights and obligations under this Agreement. While the Brand Standards Manual are designed to protect our reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of your Arena.

9.10.1. We are permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Brand Standards Manual at any time, by addition, deletion or other modification to the provisions of the Brand Standards Manual, and such modification will be made in our sole judgment. Such modifications may obligate you to invest additional capital in your Arena ("**Capital Modifications**") and/or incur higher operating costs, except as limited by Section 9.7 (which applies to remodels to your Arena, but not to other Capital Modifications).

9.10.2. Upon the execution of this Agreement, we will loan to you one (1) copy of the Brand Standards Manual (which may be electronic). The Brand Standards Manual and all amendments to the Brand Standards Manual (and copies of it) are copyrighted and remain our property. They are loaned to you for the Term (and any successor period), and must be returned to us immediately upon the termination or expiration of this Agreement. The contents of the Brand Standards Manual are our Confidential Information. You must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Brand Standards Manual without our express prior written consent. You must keep any physical copies of the Brand Standards Manual up-to-date.

9.10.3. You understand and agree that the Brand Standards Manual has substantial value to us, you, and our other franchisees and that it is important that the System establish and maintain a common identity. You agree and acknowledge that full compliance with the Brand Standards Manual is essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the System and Marks. You acknowledge that your failure to operate your Arena in accordance with the Brand Standards Manual can damage us, you, and Arenas generally.

9.11. Consumer Relations and Protection of Goodwill. You must give prompt, courteous and efficient service to the public and operate your Arena in compliance with the Brand Standards Manual to preserve and enhance the value and goodwill of the Marks and the System. You will uphold, and take reasonable steps to ensure that your General Manager and employees uphold high standards of honesty, integrity, and fair dealing in dealing with the general public, customers, other franchisees and us. You must promptly respond to all complaints received from your clients or other individuals in an attempt to resolve the dispute in a reasonable business manner. If we are contacted by a customer of your Arena who lodges a complaint, we reserve the right (but are not required) to address the customer's complaints in order to preserve goodwill and prevent damage to the Marks. If we provide a gift card, refund, or other value to the customer as part of our addressing its complaint, you must reimburse us for the cost of the gift card, refund, or other value provided to the customer. Nothing in this Section 9.11 or in any other provision of this Agreement is to be construed to impose liability upon us to any third party for any of your actions or obligations.

9.12. Hours of Operation. You will operate the Arena during such days, nights, and hours as we may HCA from time-to-time in the Brand Standards Manual or otherwise. You acknowledge and agree that the hours of operation are integral to the value of the System and the Marks, and any failure by you to operate during the designated hours would be detrimental to the System and the Marks. We generally require that your Arena be open seven (7) days a week, including most holidays. You further acknowledge and agree that the day-to-day operational decisions relating to the closing and opening procedures of the Arena, including any security, staffing, and other similar matters, will be made solely by you.

9.13. Merchant Services. Prior to beginning your Grand Opening Marketing, you must apply for, implement, and maintain merchant credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.14. Compliance With Data Security Guidelines. You must use your best efforts to protect your clients against a cyber-event, identity theft or theft of personal information. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You must at all times be compliant with all other Legal Requirements including: (a) the NACHA ACH Security Framework; (b) the operating rules and regulations of all credit card and merchant services providers; (c) state and federal laws and regulations relating to data privacy, data security and security breaches; and (d) our security policies and guidelines, all as they may be amended from time to time.

9.15. Gift Cards. You must acquire and use all computer software and hardware necessary to process the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, and to process purchases made using them and be solely responsible for the service charges related to such processing. You must remit all proceeds from the sale of gift certificates and stored value cards to us or our designee according to the procedures that we prescribe periodically. We will reimburse or credit to you (at our option) the redeemed value of gift certificates and/or stored value cards accepted as payment for products and services sold by your Arena.

9.16. Compliance With Legal Requirements. You agree to maintain the highest health and safety standards and ratings applicable to the operation of your Arena. You agree to comply with all Legal Requirements and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct your Arena in any jurisdiction in which it operates. You acknowledge that you alone are responsible for complying with Legal Requirements and that we have no obligation to you or any other person for your compliance with Legal Requirements. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business. You acknowledge and agree that your indemnification responsibilities under this Agreement include your obligations under this Section 9.16. You specifically agree to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to us copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within ten (10) days of your receiving them. If your Arena is subject to any inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available classification with respect to each governmental agency. In the event your Arena fails to be rated in the highest classification or you receive notice that your Arena is not in compliance with all applicable standards, you must immediately notify us of such failure or noncompliance.

9.17. Pricing. We reserve the right to establish minimum and maximum prices for the services and products you sell, subject to Legal Requirements. You agree to follow all such pricing rules or guidelines.

9.18. Improvement(s). If you, your General Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of your Arena or Arena generally (an "**Improvement**"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement will become our sole property and we will be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. You must fully disclose the Improvement(s) to us, without disclosing the Improvement(s) to others, and you must obtain our written approval prior to using such Improvement(s). You and your Owners agree to assign to us any rights you or your Owners may have or acquire in the Improvement(s), including the right to modify the Improvement, and you and your Owners waive and/or release all rights of restraint and moral rights in and to the Improvement. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.18 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights to the Improvement.

9.19. Premises Surveillance System. You must maintain your surveillance system and take any and all actions necessary to ensure that you and we have the continual ability to monitor the premises of your Arena from any Internet-connected computer ~~if we so require.~~.

~~9.19.~~

10. OPERATIONAL ASSISTANCE BY US

10.1. Training. Prior to beginning operation of your Arena, you and your General Manager (if applicable) must attend, and successfully complete, to our satisfaction, an initial training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate (the "**Initial Training Program**"). The Initial Training Program will take place at a location designated by us (which could include a physical location and/or the Internet). There will be no additional charge for you and your General Manager (for a possible total of two (2) people) to attend the Initial Training Program. You must not commence operation until your General Manager has completed the Initial Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that you or your Owners are not qualified to operate a Arena, we have the right to terminate this Agreement. If you do not complete the Initial Training Program to our satisfaction or obtain all necessary licenses, we have the right to terminate this Agreement and retain the Initial Franchise Fee, which we will consider fully earned.

10.1.1. Should you have the need to replace your General Manager, any replacement General Manager must attend the Initial Training Program at a time that it is offered by us. The fee for any additional employees (who we have approved to attend) to attend the Initial Training Program is $3,500 per attendee.

10.1.2. You must pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by you, your General Manager, your Owners, and/or other persons attending the training with you or any subsequent training attended by you, your General Manager(s), your Owners, or employees. We will charge an additional initial training fee of $3,500 for each additional person, beyond the first two, that you bring to our Initial Training Program.

10.1.3. We will not pay any compensation for services performed by trainee(s) in connection with training or other assistance, including providing services for us, our Affiliate(s) or other franchisee(s).

10.1.4. We may, in our discretion, elect not to provide the Initial Training Program to you if, as of the Effective Date, you, or your General Manager have previously attended and successfully completed the Initial Training Program in connection with the operation of another Arena.

10.2. Opening Assistance. Before and/or after your Arena opens, we will spend up to seven (7) days at your Arena to assist you, your staff, and your General Manager, with the initial opening and operation of your Arena.

10.3. Periodic Training and On-Site Assistance. We may require you, your General Manager, and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Arena, at another Arena, or a training facility operated by us. You may also request our assistance on-site at your Arena. We have the right to require you to pay our then-current fee (as listed in the Brand Standards Manual) for the additional training. If any training you request takes place at any location other than our headquarters, we also have the right to require you to pay for the lodging, travel and meal expenses we incur for our personnel conducting the training. If training takes place somewhere other than your Arena, you will be solely responsible for the lodging, travel, living and meal expenses for those of your personnel attending the training.

10.4. Meetings, Conferences, or Conventions. We may, in our discretion, hold periodic meetings and/or annual conventions to discuss sales techniques, new Authorized Services and Products developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may include an annual convention. We have the right to require you and your General Manager to attend, except in no event will you or your General Manager be required to spend more than two (2) days per year at any such meeting or convention. You must pay the travel and living expenses of you, your General Manager, and any other person(s) attending the meeting or conference in connection with such attendance. Additionally, you and any person(s) attending the convention or meeting with you or on your behalf must stay (at your expense) at the host facility selected by us.

10.5. Advice and Consultation. We will impart to you our selling, promotional and merchandising methods and techniques associated with the System, and will provide to you general guidance. We may (but are not required to) visit your Arena periodically to consult with, and provide advice to, you.

10.6. Remote Assistance. We will make a representative reasonably available to respond to your questions (by telephone or through the Internet) during normal business hours, as we determine necessary, to discuss your operational issues and support needs. We may also provide to you such periodic individual or group advice, consultation and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all Arena, as we may deem necessary or appropriate within our sole discretion. In addition, we may communicate with you concerning new developments, techniques and improvements as we deem appropriate in our sole discretion.

10.7. Site Visits. We may, in our discretion, either directly or by designee visit your Arena for the purpose of rendering advice and consultation or training with respect to your Arena, its operation and performance, or to determine whether you are in compliance with System standards. You agree that you and your General Manager will meet with us during any site visits.

10.8. Pricing and Rebates. We may (but are not required to) negotiate purchase agreements with Approved Suppliers to obtain discounted prices for franchisees and other Arena in the System.

11. USE OF TECHNOLOGY

11.1. POS System. You must purchase and install a point-of-sale system meeting our specifications (the "**POS System**"). You must make all improvements to the POS System in the manner, and when, specified by us in writing, even if such improvements require you to spend additional money on the POS System. You have sole and complete responsibility for the manner in which your POS System interfaces with other systems, including those of us and other third parties, as well as any and all consequences that may arise if your POS System is not properly operated, maintained and upgraded.

> 11.1.1. You must lease or purchase equipment and software for the POS System only from Approved Suppliers. This includes Arena management software and other software and hardware that we require. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the POS System. You may not authorize the use of the software by anyone else and will not configure, program or change any software programs.

11.1.2. We may from time-to-time designate, develop, or authorize others to develop proprietary or non-proprietary computer applications for use as part of the POS System, which you may be required to purchase and/or license and use in the operation of your Arena. You must execute any license, sublicense or maintenance agreement required by us or any other Approved Supplier of proprietary or non-proprietary computer applications designated by us.

11.1.3. You must: (a) promptly enter into the POS System and maintain all information that we require you to enter and maintain; (b) provide to us such reports as we may reasonably request from the data so collected and maintained, and (c) permit us to access your POS System at all times and any time by any commercially available means we specify from time to time. You must cooperate with us to permit us access your POS System and all of its data.

11.1.4. Any and all data collected or provided by you, downloaded from your POS System, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you. During the Term, you are licensed, without additional compensation, to use such data solely for the purpose of operating your Arena. This license will automatically and irrevocably expire and terminate, without additional notice or action by us, when this Agreement terminates or expires.

11.2. <u>Ownership of Customer Information and Goodwill</u>. You acknowledge that we own all information and other business records ("**Customer Information**") with respect to the customers of your Arena, including all customer-related contact names, addresses, telephone numbers, e-mail addresses, and customer purchase records, and that Customer Information will include all information generated or recorded as a result of your efforts while using the Marks. You agree to use reasonable efforts to obtain and capture Customer Information, with customer permission, consistent with any customer tracking or loyalty program(s) we may establish from time-to-time. You agree to input Customer Information into the POS System, or other system or method of retention specified in the Brand Standards Manual, if we direct you to do so. You must not export Customer Information from the POS System or software. We have the right to use and exploit the Customer Information in any way we choose. You also agree that any goodwill resulting from your activities under this Agreement is our sole property.

12. AUDITS; INSPECTIONS

12.1. <u>Financial Planning and Management</u>. You must keep such complete records of your Arena as a prudent and careful businessperson would normally keep. You must keep your financial books and records as we may from time to time direct in the Brand Standards Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. On or before the Payment Date, you must submit to us a complete and accurate accounting of your Gross Sales for the previous Reporting Period in the format we request, which may be electronic, through the POS System or otherwise. You must prepare monthly income statements for your Arena, which we may require you to submit to us. You must maintain an accounting system reflecting all operational aspects of your Arena, including uniform reports as may be required by us, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. You will also submit to us current financial statements; forms showing the sales, use, and gross receipt taxes paid by you; and such other reports or documents kept by you as we may reasonably request. On or before April 15 of each year, you must provide us with a copy of your federal tax return for the previous tax year. On or before March 15 of each year, you must provide us with annual financial statements relating to your Arena in a format that we reasonably require. You must maintain the records required under this Section 12.1 for a period of five (5) years after the termination, Transfer, or expiration of this Agreement.

12.2. Inspection Rights and Access to Records. During the Term and for a period of three (3) years following the termination or expiration of the Agreement, we (either directly or through a designated agent) have the right to visit the place where your records are located and inspect all aspects of the operation of your Arena, at any time during normal business hours and without advance notice. You acknowledge that any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of your Arena or to assume any responsibility for your obligations under this Agreement.

12.2.1. As part of such visit, we have the right to: (a) inspect your Arena's operating materials and supplies; (b) observe the operations of your Arena for such consecutive or intermittent periods as we deem necessary; (c) take photographs, movies or video recordings of your Arena ; (d) interview your personnel; (e) conduct customer surveys; (f) inspect and copy any books, Customer Information, records, and documents relating to the operation of your Arena, including contracts, leases, and material and information generated by or contained in the POS System; and (g) select products, inventory, supplies, equipment and other items from your Arena to evaluate whether they comply with our Brand Standards Manual. You must cooperate fully with us in connection with these inspections, observations, surveys and interviews. We will not be obligated to give you or your General Manager any prior notice of any such inspection.

12.2.2. You authorize us or our designee to make reasonable inquiries of your bank, suppliers and trade creditors concerning your Arena, and by this Agreement you direct such persons to provide us with such information and copies of documents pertaining to your Arena as we request.

12.2.3. We and our designee have the right to discuss your records and your Arena with your General Manager and any officers, directors and employees responsible for maintaining records.

12.2.4. You acknowledge and agree that we will have the continual right to monitor your Arena and your activities at the Arena through the premises surveillance system, and that we have the right to use the footage from the system for determining your compliance with this Agreement, the Brand Standards Manual, or applicable Legal Requirements.

12.3. Audit. We and/or our designated agents have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, sales tax records, Customer Information, and business tax returns relating to your Arena. We also have the right, at any time, to have an independent audit made of your books and records or to require you to participate in a mail-in audit or any other form of audit in accordance with the Brand Standards Manual. You agree to cooperate fully with our representatives and independent accountants in any examination. If an inspection or audit reveals that any payments due to us have been understated in any report to us, then you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, you must, in addition to repaying money owed with interest, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs), and an underreported fee charge of five thousand dollars ($5,000). The remedies in this Section 12.3 are in addition to any other remedies we may have as a result of your underreporting, including but not limited to the right to terminate this Agreement.

12.3.1. You must cooperate in scheduling any audit and providing access to records, which must be maintained and presented in reasonable order to allow the audit to be conducted in a reasonable time.

12.3.2. Your failure, refusal or neglect to dispute any fees or contributions that an audit reveals you owe, including any fees, costs and penalties assessed in connection with an audit, constitutes a waiver of any right to challenge such fees, unless you provides us written notice of your dispute, along with an explanation of the basis for your dispute, within thirty (30) days of the date we deliver the audit results to you in writing.

12.4. Consent to Use of Likeness and your Arena. You agree that we have the right to use the likeness (including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your Owners; and (c) your Arena, for any purposes relating to the promotion or marketing of the System or Marks.

12.5. Mystery Shoppers. You acknowledge that we may use mystery shoppers to evaluate you and your Arena.

13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES

13.1. Your Name. You must operate solely under the name identified on **Addendum 1** and may use "GLOWZONE™", "GLOWZONE FAMILY CHALLENGE ~~ARENA™",~~ARENA®", or our other Marks **only** as a "doing business as" (d/b/a) designation. You may not use other name in connection with any advertising or operation of your Arena. We have the right to review and require changes to any display of your name or the Marks.

13.1.1. You may not include "GLOWZONE™", "GLOWZONE FAMILY CHALLENGE ~~ARENA™",~~ARENA®", or any of the Marks in your legal name.

13.1.2. You must post a conspicuous notice on or near the front entrance of your Arena that clearly states: "EACH ~~GLOWZONE™~~GLOWZONE FAMILY CHALLENGE ARENA® IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as we may require in the Brand Standards Manual. You must include this disclaimer on all business cards, stationery, promotional and advertising materials, website and Internet communications, real estate documents, and all other materials you use.

13.2. Relationship of Parties. The parties intend by this Agreement to establish between you and us only the relationship of franchisor and franchisee. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with one another, each of us being independent from each other. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

13.2.1. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of your Arena, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use any of the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

13.2.2. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, payments, unemployment insurance, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and you and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

13.2.3. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for your Arena does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to your Arena, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

13.2.4. You agree to inform each of your employees and contractors that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure we reasonably require explaining the differences between us (your franchisor) and you (their employer or contractor). You further agree that in any office, break room, or other non-public area accessed by your employees or contractors, you will post a sign or other document containing language we require explaining the differences between you, their employer or contractor, and us, your franchisor.

13.2.5. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Arena and that under no circumstance will we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the Brand Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Arena, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Arena.

13.2.6. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

13.3. Owners Agreement. You and each of your Owners and all of your spouses (if applicable) must, jointly and severally, sign the Owner Agreement attached as **Addendum 2,** and you and each of your Owners will otherwise bind yourselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner must sign and provide the Owner Agreement to us within ten (10) days after obtaining the interest as an Owner.

14. INDEMNIFICATION; INSURANCE

14.1. Indemnification. You, and each of the Owners identified on **Addendum 1**, agree that you will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law: us, our successor(s), assigns, and Affiliates (including but not limited to Glowzone International, LLC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "**Indemnified Parties**") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:

14.1.1. The infringement, alleged infringement or any other violation by you, your Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

14.1.2. Your, or your Owners', violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

14.1.3. Your, or your Owners', libel, slander, or any other form of defamation.

14.1.4. Your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

14.1.5. Your, or your Owners': (a) violation or breach of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between you and us or our Affiliates; (b) acts, errors, or omissions, or those by any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of your Arena, including, but not limited to, any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for your Arena.

14.1.6. Any damages, incidents, or claims listed in this Section 14.1 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

We have the right to defend any such action or claim against us at your expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 14.1 only, the term "claim" also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified

Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

14.2. Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.3. Insurance. During the Term, you must maintain in force, at your expense, policies of insurance, in the minimum amounts specified by us, issued by carriers approved by us, that have a rating of at least A- by A.M. Best, or the equivalent. Specifically, you must purchase and maintain, throughout the term of the Agreement:

14.3.1. Commercial business auto insurance policy with a combined single limit of $1,000,000, including non-owned and hired auto liability for all automobiles owned or operated by you or in connection with your Arena, including all automobiles bearing any wraps, decals or other advertising for your Arena.

14.3.2. Commercial excess insurance ("umbrella") policy: $2,000,000 minimum limit each occurrence and aggregate.

14.3.3. Commercial property: "All risk" policy, with replacement costs including any building as required by your lease agreement (or to cover your property, if you own the real estate where your Arena is built) and all business personal property, with at least 6 months business interruption and extra expense coverage including all necessary expenses.

14.3.4. Comprehensive commercial general liability insurance with $1,000,000 each occurrence, $2,000,000 general aggregate, $2,000,000 products aggregate, $1,000,000 advertising injury, $100,000 damage to rented premises, and $5,000 medical payments (if available), with an endorsement specifically covering cyber liability risks. We require that you name us as additional insured with a waiver of subrogation endorsement.

14.3.5. Workers compensation insurance: you are required to have a policy consistent with applicable Legal Requirements, or with $1,000,000 employers' liability limit (whichever is greater).

14.3.6. Unemployment insurance, in amounts sufficient to comply with Legal Requirements.

14.3.7. State disability insurance, in amounts sufficient to comply with Legal Requirements.

14.3.8. Any other insurance to meet any applicable Legal Requirements, or as required by your landlord.

We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Brand Standards Manual.

14.4. Additional Named Insured. Each insurance policy must contain an endorsement naming us (and, if we so request, our members, directors, agents, and Affiliates) as "Additional Named Insured" (and not as "additional insureds") in the broadest form, extending to our negligence and errors and omissions, and cannot be limited to vicarious liability. You must provide us with thirty (30) days advance written notice to us of any material modification, cancellation, or expiration of the policy. Each policy must also include a waiver of the insurer's right of subrogation against any of us, and provide coverage for your indemnification obligations under this Agreement. The insurance afforded to all of the parties named as additional insureds under this Section 14.4 must apply as primary insurance, and will not require or include the contribution of any insurance or self-insurance available to us.

14.5. Continuation of Policy. Regardless of the amounts we state above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24 month period following the end of the policy period.

14.6. Copies of Policies. You must provide us with copies of policies evidencing the existence of the insurance required by Section 14.3 at least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, along with certificates evidencing such insurance.

14.7. Our Right to Obtain Insurance. In the event you fail to obtain the required insurance and to keep it in full force and effect, we may, but will not be obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, plus an administrative fee equal to 20% of the cost of such premiums, within five (5) days of the date we deliver you an invoice detailing such costs and expenses.

14.8. Acknowledgement. You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with your Arena. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require.

15. **ASSIGNMENT**

15.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

15.2. Assignment by You. We have entered into this Agreement in reliance upon and in consideration of your singular personal skill and your qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in: (a) you; (b) any of your Owners; (c) substantially all of your assets; or (d) your Arena, can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a "**Transfer**"), without our prior written consent.

15.2.1. We will not unreasonably withhold approval of a Transfer if you comply with the conditions of this Article 15. Our consent to a Transfer will not be a waiver of any claims we may have against you.

15.2.2. If, after a Transfer approved by us, one of your Owners no longer has any interest in you or your Arena, then that person will be relieved of liability for any obligations to us that arise *after* the date of the Transfer, except for those obligations that arise under Articles 0 or 18.

15.3. Conditions for Approval of Transfer. We, in our discretion, may impose conditions on the Transfer, including the following:

15.3.1. You and your Owners must be in full compliance with this Agreement, and must have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to us or our Affiliates.

15.3.2. The transferee must complete and submit all application documents required by us from prospective franchisees at the time of the assignment and be approved in writing by us.

15.3.3. The transferee must have, at our option, either: (i) assumed this Agreement by a written assumption agreement approved by us (which will include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee), or have agreed to do so at closing; or (ii) executed a replacement franchise agreement on the standard form of franchise agreement we are then offering to new franchisees, which may differ from this Agreement in all material respects, including but not limited to having a smaller Protected Area and higher or different fees than were granted in or required by this Agreement.

15.3.4. At the time you ask for our consent to a Transfer, you must pay us a transfer fee equal to fifty percent (50%) of the then-current initial franchise fee we are charging new franchisees. If the person or people you are Transferring to is or are an immediate family member of you or your Owners (and that person has attended the Initial Training Program and paid any applicable fees to do so), the transfer fee will be one thousand dollars ($1,000).

15.3.5. At the expense of either you or your transferee, upgrade, remodel, or replace the assets used by your Arena, including any and all of your equipment, to conform to our then-current standards and specifications for new franchisees, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

15.3.6. Prior to the date of Transfer, your transferee will attend training at our designated location as required under the-then current franchise agreement being used by us.

15.3.7. You and each Owner must have executed a general release, on our then-current form (our current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising.

15.3.8. If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee, Brand Fund Fee, and other amounts due to us and our Affiliates pursuant to this Agreement.

15.3.9. You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those set forth in Sections 16.5 and 16.6.

15.4. Right of First Refusal. At least sixty (60) days before you intend to Transfer your Arena, you must give written notice to us of your intention to make a Transfer. This notice must include a fully-executed copy of any sale document, and any documents referred to in that or those document(s).

15.4.1. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona-fide offer from a third party made to you. If we exercise this right, we will do so within thirty (30) days of receiving from you all documents that we reasonable request in connection with the proposed Transfer. If we do not indicate to you our intention to exercise this right within that thirty (30) day period, we will be deemed to have elected not to exercise our right of first refusal. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed transferee).

15.4.2. We must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

15.4.3. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by us. If you are a Business Entity, this Section 15.4 will not apply to the Transfer of your shares to an Owner who was identified on **Addendum 1** of this Agreement as of the Effective Date and has signed an Owner Agreement with us in the form attached as **Addendum 2**.

15.5. Limited Assignment Right for Sole Proprietorships or Partnerships. If you are a sole proprietorship or partnership, we expressly consent to the Transfer of this Agreement, without payment of a fee, to a Business Entity owned and controlled by the same Owners, provided that you and each of the Owners execute: (a) an assignment agreement; and (b) the Owner Agreement attached as **Addendum 2**, and provided that you comply with the requirements of Section 1.8. You must notify us in writing of any proposed Transfer under this Section 15.5 and must provide and/or sign all documents we reasonably request relating to your legal entity including, but not limited to, assignment documents, articles of incorporation or organization and bylaws.

15.6. Death or Disability of You or Your Owners. Upon the death or permanent incapacity (mental or physical) of you or of any Owner who has a controlling interest in you, the executor, administrator, or personal representative of such person must Transfer such interest to a third party approved by us within ninety (90) days after such death or mental incapacity. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 15.6, the executor, administrator, or personal representative of the decedent must Transfer the decedent's interest to another party approved by us within ninety (90) days, which disposition will be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within the ninety (90) day period, we may, at our option, terminate this Agreement. In the event of your death or disability (if you are an individual), the Transfer of your interest in this Agreement and your Arena by will or intestate succession, or conveyance of such interest in the event of disability, to your individual heirs, will require our written consent, but will not give rise to our right of first refusal under Section 15.4. However, our right of first refusal will apply to any proposed Transfer or assignment by such heirs.

15.7. Termination, Resignation, Death or Disability of General Manager. If, due to termination, resignation, death, or disability, no one is able to perform management or training supervisory duties relating to your Arena, you must, within a reasonable time not to exceed fifteen (15) days from the date of termination, resignation, death, or disability, appoint a new General Manager (as the case may be). Each new General Manager must, at your expense, attend and complete the Initial Training Program to our satisfaction within thirty (30) days of their appointment as your new General Manager. If, in our sole judgment, your Arena is not being managed properly, or your employees or contractors are not being adequately supervised, at any time after the General Manager's termination, resignation, death, or disability, we will have the right (but not the obligation) to exercise our step-in rights under Section 17.9.

16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION

16.1. Your Acknowledgement. You acknowledge that you will obtain knowledge of our Confidential Information that is essential to the operation of your Arena; without which information you could not effectively and efficiently operate it. You further acknowledge that such Confidential Information was not known to you prior to execution of this Agreement. You further acknowledge and agree that all of the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

16.2. Use and Disclosure of Confidential Information. You will not use any Confidential Information for any purpose other than in the manner we permit or direct. You may disclose Confidential Information only to such of your employees, agents, independent contractors and representatives as reasonably necessary in order to operate your Arena. You may not, during the Term or afterward, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees and independent agents as must have access to it in order to operate your Arena, and you agree that your use of Confidential Information for any purpose other than the development and operation of your Arena in accordance with this agreement would constitute unfair competition. Any and all Confidential Information may not be used for any purpose other than conducting your Arena. You agree not to make any copies of, reproductions of, or extracts of any Confidential Information except strictly incidental to, and solely in furtherance and within the scope of your relationship with us. You will never reveal any Confidential Information to any person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. In the event that you should receive such a court order, you must provide us immediate oral and written notice of such order, and must cooperate with us in protecting the secret nature of the Confidential Information. If you at any time conduct, own, consult with, are employed by, or otherwise assist a similar or Competitive Business, the doctrine of "inevitable disclosure" will apply, and it will be presumed that you are in violation of this covenant. It will be your burden to prove that you are not in violation of this covenant.

16.3. Preservation of Confidentiality. You must not permit any person (including your Owners, General Managers, principals, officers, directors, independent contractors and employees) to access Confidential Information (including the Brand Standards Manual) without first requiring them to execute confidentiality agreements, in a form we approve, requiring that all Confidential Information that may be acquired by or imparted to such person be held in strict confidence and used solely for the benefit of you and us. All confidentiality agreements described in this paragraph must include a specific identification of us as a third-party beneficiary with the independent right to enforce the agreement. Our current approved form is attached to our Franchise Disclosure Document as **Exhibit I**.

16.4. Covenant Not to Compete: During Term. You covenant and agree that, during the Term and any successor term(s), neither you nor your Owners, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as consultant for, represent, act as an agent for, or divert or attempt to divert any customer, person, or business to, any Competitive Business anywhere.

16.5. Covenant Not to Compete: After Term. For the reasons stated in Section 16.4 above, you covenant and agree that, for a period of two (2) years after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (including but not limited to your Transfer of this Agreement), neither you nor your owners, managers, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as a consultant for, represent, or act as an agent for, any Competitive Business within twenty-five (25) miles of: (a) the Protected Area; or (b) any other Arena that is then open or under development.

16.6. Covenant Not to Divert Employees. You agree that, during the Term or any successor term(s), and for a period of two (2) years after the termination or expiration of this Agreement or any successor agreement(s), you will not divert, attempt to divert, or accept business from any customer to any Competitive Business, or attempt to obtain an unfair advantage over us or any Arena by employing, or seeking to employ, any of our employees or the employees of any other Arena, or induce or seek to induce, such employees to leave their employment, or offer assistance, in any way, to any Competitive Business.

16.7. You Acknowledge that these Covenants Are Reasonable. You agree that all covenants in this Agreement and this Article 0 are fair and reasonable in both duration and area, and will not impose any undue hardship on you. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to enforcement by us of the covenants in this Article. You further acknowledge that a violation of any covenant in this Article 0 will cause us irreparable harm, the exact amount of which may not ascertainable, and therefore, you consent that in the event of such violation, we will, as a matter of right, be entitled to apply for injunctive relief to restrain you, or anyone acting for you or on your behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which we may then be entitled. The covenants set forth in this Article 0 will survive the termination, expiration or Transfer of this Agreement. You agree to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, that we incur in connection with our enforcement of the covenants in this Article 0. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, YOU REPRESENT TO US THAT ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING

16.8. Covenants Are Severable; Tolling. The parties agree that each covenant in this Article 0 is construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and part of this Agreement. Any period of time specified in this Article 0 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

16.9. Limited Exclusion. The restrictions contained in Sections 16.4 and 16.5 above will not apply to ownership of less than two percent (2%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only.

17. DEFAULT; TERMINATION

17.1. Automatic Termination Without Notice. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, if:

17.1.1. Insolvency. You become insolvent or make a general assignment for the benefit of creditors.

17.1.2. Filing of Bankruptcy Petition. You file a petition in bankruptcy, or such a petition is filed against you and you do not oppose it.

17.1.3. Adjudication of Bankruptcy. You are adjudicated as bankrupt or insolvent.

17.1.4. Receivership. A bill in equity or other proceeding for the appointment of a receiver of: (1) you; (2) your Arena ; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.

17.1.5. Creditor Composition Proceedings. Proceedings for a composition with creditors under any state or federal law is instituted by or against you.

17.1.6. Final Judgment. A final judgment against you in the amount of twenty five thousand ($25,000) dollars or more remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed).

17.1.7. Dissolution. You voluntarily dissolve or liquidate, or have a petition filed for corporate or partnership dissolution filed against you and the petition is not dismissed within thirty (30) days.

17.1.8. Execution. Execution is levied against your business or property.

17.1.9. Levy or Foreclosure. The real or personal property of your Arena is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of your assets and it is not dismissed within thirty (30) days.

17.2. Immediate Termination With Notice and No Opportunity to Cure. We will have the right to terminate this Agreement immediately, without providing you an opportunity to cure, upon our delivery of written notice to you under any of the following circumstances:

17.2.1. Failure to Open. You fail to open your Arena on or before the Commencement Date.

17.2.2. Failure to Obtain Our Approval of Location. You fail to obtain our approval of a location for your Arena within two hundred and seventy (270) days of the Effective Date.

17.2.3. Abandonment. You fail to keep your Arena operating for a period of three (3) consecutive days, except as may be allowed by us in the Brand Standards Manual or otherwise in writing.

17.2.4. Certain Acts. Conduct or activity by you, your General Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on your Arena, us, the System, Arena generally, the Marks, or the goodwill associated with them, including (but not limited to) a felony conviction of you or of any of your Owners, or General Manager(s).

17.2.5. Unauthorized Assignment. You or an Owner purport to sell, assign, Transfer or encumber this Agreement, your Arena or an interest in you without our prior written consent in violation of Article 15.

17.2.6. Lease Termination. Your lease for the Approved Location is terminated.

17.2.7. Failure to Comply With Laws. You fail to comply with any material Legal Requirement applicable to the operation of your Arena, and fail within the time period allowed by law (if applicable) to cure the noncompliance following your receipt of notice of the noncompliance. If no time period is specified, the cure period will be twenty-four (24) hours from the receipt of such notice.

17.2.8. Repeated Defaults. We deliver to you two or more written notices of default pursuant to this Article 17 within any twelve (12) month period, regardless of whether the defaults described in the notices ultimately are cured.

17.2.9. Understating Gross Sales. You submit on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record (including submission by or through the POS System) which understates your Gross Sales by more than three percent (3%). This provision will only apply if the understatement did not result from an inadvertent error or error made by the POS System.

17.2.10.Material Misrepresentations. You make any material misrepresentations relating to the acquisition of your Arena or in connection with the operation of your Arena.

17.2.11. Failure to Allow Audit or Inspection. You refuse to allow or cooperate with the audits or inspections by us described in Article 12.

17.2.12. Violation of Restrictive Covenants. You or your Owners violate any of the restrictive covenants against competition or use or disclosure of our Confidential Information in Article 0.

17.2.13. Interference With Relationships. You interfere or attempt to interfere with our actual or prospective contractual relations with Approved Suppliers, other Arenas, employees, advertising agencies or any third parties.

17.2.14. Sale of Unapproved Products or Services. You offer or sell as part of your Arena any unapproved product, service or program; do not sell Authorized Services or Products, or do not use or disseminate (as applicable) all materials, notices and procedures specified by us.

17.2.15. Intellectual Property Misuse. If you challenge the validity of, materially misuse, or make any unauthorized use disclosure, or duplication of, the Marks or Confidential Information (excluding only independent acts of employees or others if you exercised its best efforts to prevent such disclosures or use).

17.2.16. Anti-Terrorism Laws. You violate, or make any misrepresentation regarding your compliance with, or violation of, Anti-Terrorism Laws by you, your Owners, officers, directors, General Managers, managers, members, partners, or agents.

17.2.17. Failure to Attend Periodic Training, Conferences, or Conventions. You (or, as applicable, your General Manager) are absent from two (2) consecutive mandatory training courses, conferences, or conventions, except that you can cure this default by attending all of the mandatory training courses, meetings, conferences, and conventions within the 12-month period following our notice to you of your default under this provision.

17.3. Termination After 30-day Cure Period. We have the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within thirty (30) days after delivery of written notice: (a) you do not obtain or maintain required insurance coverage; (b) you do not pay any amounts due to us (including to the Brand Fund); (c) you do not pay all amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (d) you or your employees fail to obtain and maintain any permit or license necessary for the operation of your Arena ; (e) your Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of your Arena, which dispute or deadlock remains unresolved after the expiration of the thirty (30) day cure period; (f) you fail to resolve customer complaints and/or disputes as required by Section 9.11; or (g) you fail to make a timely payment of any amount due to an Approved Supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure after we deliver to you notice of your failure to comply. The description of any breach in any notice served by us upon you will in no way preclude us from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

17.4. Termination with 30-Day Cure Period. Except for any default by you under Sections 17.1, 17.2, or 17.3 of this Agreement, and as otherwise expressly provided elsewhere in this Agreement, you will have thirty (30) days after our written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to us. If any such default is not cured within that time period, this Agreement and all rights granted by it will automatically terminate without further notice or opportunity to cure.

17.5. Effect of Laws; Election by us not to Terminate Immediately. If applicable law will not allow the termination of this Agreement immediately as stated in Sections 17.1 or 17.2 above, or if we elect not to have the default result in the immediate termination of this Agreement, the concerned default will be subject to the provisions of, and the cure period stated in, Paragraph 17.4. If applicable law requires a longer cure period than that specified in this Agreement, the longer period will apply.

17.6. Our Pre-Termination Options. If you fail to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Brand Standards Manual (subject to applicable notice and cure periods), then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the following options as we deem necessary:

17.6.1. To charge you a non-compliance fee of five hundred dollars ($500) per default under this Agreement. This fee is intended to offset the damages that we incur as a result of your non-compliance and is not intended as a penalty.

17.6.2. To suspend all services provided to you under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

17.6.3. To eliminate listing you in any advertising, marketing or promotional materials, including any directory listings, approved or published by us, and our principal website.

We may continue taking these actions until you comply with the requirements of any default notice that we have sent to you, and we acknowledge your compliance in writing. The options in this Section 17.6 will have no effect on, and will not release you from, any obligation you owe to us or to our Affiliates.

17.7. Termination by You. You can terminate this Agreement only with our prior written consent, or if we commit a material breach of this Agreement that is not cured within sixty (60) days after written notice from you. If the nature of the breach is such that we will be unable to cure it within the required sixty (60) day period, we can take such additional time as may be reasonably necessary within which to cure said breach provided that we have begun taking corrective action within the sixty (60) day period, and we pursue it diligently to completion.

17.8. Cross-Default. Any default by you under any agreement between you and us or you and our Affiliates, and your failure to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for us to terminate this Agreement. If the default under the other agreement is such that it would entitle us to immediately terminate that other agreement, then we will be entitled to immediately terminate this Agreement in the manner stated in Section 17.2.

17.9. Step-In Rights and Management. To prevent any interruption of business of your Arena and any injury to the goodwill and reputation of your Arena, the System, or other Arena which may be caused by such interruption, in the event of: (a) your default under this Agreement; (b) our termination of the Agreement under Sections 17.1 through 17.4; (c) our reasonable belief that a condition of your Arena or any product sold at your Arena poses a threat to the health or safety of customers; or (c) your death or permanent incapacity (mental or physical), we will have the right (but not the obligation) to operate your Arena for as long as we deem necessary and practical. You hereby authorize us to undertake such operation, and agree that our operation of and making corrections to, your Arena within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Arena, we will have the right to collect and pay from the revenues of your Arena all expenses relating to the operation of your Arena including, without limitation, Royalty Fees and Brand Fund contributions, employee salaries, reimbursement of our expenses incurred in connection with such operation (including travel, lodging, and living expenses), and a management fee of five hundred dollars ($500) per day. You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

18. POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason (including a Transfer by you):

18.1. Cease Use of Marks and System Materials. You must immediately cease all use of the Marks and Trade Dress, the Brand Standards Manual, materials relating to the System and its operation, and Confidential Information, and you must not use any trademarks, tradenames, service marks, or other commercial symbols that indicate or suggest a connection with us.

18.2. Representations of Affiliation. You must refrain from any representation whatsoever that you are our franchisee, or that you are or have been affiliated with us, and take any affirmative action necessary to remove any use of the Marks in connection with your Arena. You must, at our option and request, assign to us all rights to all telephone numbers, e-mail addresses, URLs, domain names, social media identities, Internet listings, and Internet accounts related to your Arena. If you do not voluntarily comply with this Section 18.2, we may, at our option, execute in your name and on your behalf, any and all documents necessary to end your use of the Marks and you irrevocably appoint the person serving as our manager or President as your attorney-in-fact to do so. You must take all actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks.

18.3. Assignment of Lease; De-Identification. We will have the option to assume your lease for the

Approved Location, which option we can exercise at any time before or within thirty (30) days after expiration or termination of this Agreement. If we exercise this option, you must take any and all actions necessary to assign to us or our designee your interest in the lease. If we or our designee assume your lease, title to all leasehold improvements will convey to the assignee upon such assignment, without any further consideration. If we do not exercise our right to assume your lease, you must modify the Approved Location, including all equipment, and all vehicles used by your Arena (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to us of, the telephone numbers) as may be necessary to distinguish the appearance of your Arena from that of other Arena, and you must make such specific additional changes to your Arena as we may reasonably request for that purpose. Such de-identification must be completed within fifteen (15) days after expiration or termination of this Agreement. If you do not make these changes, you hereby nominate us as your attorney-in-fact to enter the premises of the Approved Location to make those changes on your behalf, and you agree to indemnify us and our designees from any and all damages that you or any third parties incur due to our exercising these rights.

18.4. Payment; Security Interest. You must pay all sums owed under the terms of any agreement with us or our Affiliates within fifteen (15) days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by us. Said sums will include all interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by us, whether or not said sums are incurred prior to or subsequent to the termination or expiration of this Agreement. Said sums will also include the Liquidated Damages and all other costs and expenses, including, without limitation, reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement. You grant to us a security interest (which will be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods represented thereby, to the extent that we have not received all funds due and owing from you. This Agreement will constitute a security agreement granting to us a security interest in the above mentioned collateral, and you must execute any and all financing statements required by us to perfect our security interest in the collateral.

18.5. Return of Brand Standards Manual and Other Confidential Information. You must, within ten (10) days of the termination, deliver to us the Brand Standards Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Customer Information, records, files, instructions, correspondence, and any and all other materials relating to the operation of your Arena that were provided to you, or held by a third party on your behalf, and all copies of it (all of which you acknowledge is our property). You will retain no copy or record of any of the foregoing, with the exception only of your copy of this Agreement, correspondence between the parties and any other documents which you reasonably need to comply with law.

18.6. Our Right to Purchase Tangible Assets. We will have the option to purchase your interest (if any) in any or all of your Arena's equipment, supplies, and signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of our choosing, and may set off against the purchase price any amounts that you owe to us. We will exercise our option by delivering written notice before or within thirty (30) days after this Agreement expires or is terminated.

18.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination or your termination under Section 17.7), you will, within fifteen (15) days of such early termination, pay to us liquidated damages ("**Liquidated Damages**"). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees and Brand Fund Fees through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to the combined monthly average of Royalty Fees and Brand Fund Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the Commencement Date through the date of early termination, multiplied by the greater of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

18.8. Use of Customer Information and Other Information. We have the right, during and after the Term, to access and use: (i) all information you provide to us contained in your sales and transaction reports, through the POS System, and in such other operational reports that we request from you; (ii) Customer Information; and (iii) the contact information of you or your Owners. We may use this information for business purposes that may include, without limitation, public relations, advertising, statistical compilations, investigations and resolutions of client complaints, and quality surveys. We have the right, after termination, to continue to use the information referred to in this Section 18.8. After termination or expiration of the Agreement, we will have the exclusive right to use Customer Information, and to make the Customer Information available to other Arena for such purposes as we deem appropriate.

18.9. Termination Without Prejudice. The expiration or termination of this Agreement will not relieve you of any of your obligations to us existing at the time of expiration or termination, nor will it terminate those of your obligations which, by their nature, survive the expiration or termination of this Agreement. The expiration or termination of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all other rights and remedies that are available to us at law or in equity.

19. GOVERNING LAW; DISPUTE RESOLUTION

19.1. Governing Law. This Agreement is governed by and will be interpreted in accordance with the laws of the state of ~~Nevada~~California, without reference to conflict of laws principles. By agreeing to the application of ~~Nevada~~California law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or other statute, rule, or regulation of the state of ~~Nevada~~California to which this Agreement or the parties' relationship would not otherwise be subject. We and you each acknowledge and agree that this choice of applicable state law provides you and us with the mutual benefit of uniform interpretation of this Agreement. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

19.2. Mediation. Except as otherwise provided in Section 19.4, all claims or disputes between you and us or our Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, or the making, performance, breach, interpretation, or termination of this Agreement, must be submitted to non-binding mediation.

19.2.1. The mediation will be conducted under the auspices of the AAA, in accordance with AAA's Commercial Mediation Rules then in effect, and will take place in ~~Las Vegas, Nevada~~Los Angeles, California, or at the AAA office closest to our then-current headquarters, under the auspices of the AAA. Mediation will not defer or suspend our exercise of any termination right under Section 17.

19.2.2. No arbitration or litigation may be commenced on any claim which is subject to mediation prior to the Mediation Termination Date, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

19.2.3. Mediation will be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request must specify with reasonable particularity the matters for which non-binding mediation is sought.

19.2.4. Mediation must be concluded within thirty (30) days of the issuance of the request for mediation, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process will be treated as confidential, may not be disclosed to others, and must not be offered or admissible in any other proceeding or legal action whatsoever.

19.2.5. The parties will each bear their own costs of mediation and must share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce our right to mediation.

19.3. Arbitration. Except as specifically provided in this Agreement, the parties agree that any and all disputes between them, and any claim by either party that cannot be amicably settled, must be submitted to binding arbitration before a single arbitrator in accordance with the commercial arbitration rules of the AAA. The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act, and that arbitration will be conducted as provided in this section. All questions of arbitrability and application of this Section 19.3 to any dispute between the parties will be determined exclusively by the arbitrator.

19.3.1. Conduct of Arbitration. At the option of either party, the arbitrator must be selected from a list of retired federal or state judges supplied by AAA, if available, and the arbitrator must have experience in franchise law. The arbitrator must issue a written opinion explaining the reasons for his or her decision and award and the arbitrator will have the right to award or include in the award the specific performance of this Agreement. The award of the arbitrator is binding upon all parties and may be entered as a judgment in any court having jurisdiction. Each party must bear one-half of the arbitrator's and administration expenses incurred during the arbitration process; provided, however, that the prevailing party will be entitled to recover from the other party its expenses, including reasonable attorney fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled.

19.3.2. Compulsory Counterclaims. In connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred.

19.3.3. Limitations. ANY DISAGREEMENT BETWEEN YOU AND US (AND/OR OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION. YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF,

CONSOLIDATED OR COLLECTIVE ACTION. NO PREVIOUS COURSE OF DEALING WILL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING MAY BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

Your Initials:________

19.3.4. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. WE AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, MULTIPLE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST ONE ANOTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE IS BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, EACH OF THE PARTIES WILL BE LIMITED TO THE RECOVERY OF ANY: (A) ACTUAL DAMAGES SUSTAINED BY THE PARTY; (B) LIQUIDATED DAMAGES AS PROVIDED IN SECTION 18.7; AND (C) TRADEMARK LAW TREBLE DAMAGES. IF SUCH CLAIMS AND DEMANDS CANNOT BE WAIVED BY LAW, THEN THE PARTIES AGREE THAT ANY RECOVERY WILL NOT EXCEED TWO (2) TIMES ACTUAL DAMAGES. TO THE EXTENT THAT A LEGAL PROCEEDING IN COURT IS EXPRESSLY AUTHORIZED BY THIS AGREEMENT, WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN SUCH ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

Your Initials:________

19.4. Venue for Arbitration and Mediation. All arbitration and/or mediation proceedings must occur in ~~Las Vegas, Nevada~~Los Angeles, California, or, if our headquarters are not in ~~Las Vegas, Nevada~~Los Angeles, California at the time of arbitration, then the arbitration must occur at the AAA office closest to our then-current headquarters.

19.5. Claims Excluded. We are not required to first attempt to arbitrate or mediate a controversy, dispute or claim against you through mediation as set forth in this Article 19 if such controversy, dispute or claim concerns an allegation by us that you have violated (or threaten to violate, or poses an imminent risk of violating): (a) any of our rights in the Marks, the System, or in any of our trade secrets, Intellectual Property, or Confidential Information; (b) any claims pertaining to your non-monetary post-termination obligations; or (c) any of the restrictive covenants contained in this Agreement.

19.6. Injunctive Relief. You acknowledge that a breach of this Agreement by you, which relates to any of the matters set out below, will cause us irreparable harm for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies we have under this Agreement, we are entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of you upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; (vii) covenants not to compete with us; and (viii) any act or omission by you or your employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of your Arena or other Arenas; (c) constitutes a danger to the employees or customers of your Arena or to the public; or (d) may impair the goodwill associated with the Marks or the System. We will be entitled to seek such relief in a court of competent jurisdiction, and will not be required to seek any such relief or remedy in arbitration or in any mediation proceeding. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If we secure any such injunction, you agree to pay to us an amount equal to the aggregate of our costs and expenses, including without limitation reasonable attorney fees, costs, and expenses, that we incur in obtaining such relief.

19.7. Legal Fees and Expenses. The Prevailing Party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorney fees, arbitrator fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed. For the purposes of this Agreement in general and this Section specifically, the "**Prevailing Party**" will be deemed to be that party which has obtained the greatest Net Judgment in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that party which has prevailed on a majority of the material issues decided. The "**Net Judgment**" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and arbitrator's judgment.

19.8. Choice of Forum. **To the extent that a judicial action is expressly permitted by Sections 19.5 and 19.6, any cause of action any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in ~~Las Vegas, Nevada~~**Los Angeles, California, **or, if our principal place of business is in a city other than ~~Las Vegas, Nevada~~**Los Angeles, California**, then the federal or state court for the jurisdiction in which we then have our principal place of business. Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts**. The provisions of this Section 19.8 will survive the termination of this Agreement.

20. GENERAL PROVISIONS.

20.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions are not enforceable in whole or in part, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions will be superseded and modified by such applicable law.

20.2. Approvals. Whenever this Agreement requires our prior approval or consent before you take any action, you must make a timely written request to us, and our approval or consent must be obtained in writing. We will not unreasonably withhold or unreasonably delay our response. By providing any waiver, approval, consent, or suggestion to you or in connection with any consent, or by reason of any neglect, delay, or denial of any request, we make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you.

20.3. No Modifications; Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation will be valid unless it is made in writing and duly executed by the party to be charged with it. No evidence of any waiver or modification may be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party, unless such waiver or modification is in writing, duly executed. Our waiver of your breach of any term of this Agreement applies only to that one breach and that one term, and not to any subsequent breach of any term. Acceptance by us of any payments due under this Agreement will not be deemed to be a waiver by us of any preceding breach by you of any term.

20.4. Force Majeure. Except for monetary obligations under, or as otherwise specifically provided for in, this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by Force Majeure, then performance of such act is excused for the period of the delay, but no such delay will exceed ninety (90) days. If your Arena is damaged or destroyed due to a Force Majeure event, you must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore your Arena to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Arena in accordance with the then-standard layout and décor specifications for Arena, we may require you to repair or reconstruct your Arena in accordance with those specifications.

20.5. Rights are Cumulative. Our and your rights under this Agreement are cumulative, and no exercise or enforcement by us or you of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce, except as specifically limited by this Agreement.

20.6. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meanings ascribed to them in the **Appendix** or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none may be deemed to affect the meaning or construction of any provision of this Agreement. Wherever the word "including" is used, it means "including but not limited to."

20.7. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns.

20.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement may be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two (2) or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties will be deemed so delivered: at the time delivered, if by hand; one (1) business day after transmission, if by overnight delivery service; one (1) business day after transmission, if by facsimile or other electronic system expressly approved in the Brand Standards Manual as appropriate for delivery of notices under this Agreement (with confirmation copy sent by regular U.S. mail); or three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and you will immediately notify us of any changes to the following contact information:

If to us:	If to you:
GlowZone International, LLC ~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200~~500 ~~Las Vegas, Nevada 89113~~Los Angeles, California 90045	The address listed in **Addendum 1**

20.10. Execution/Counterparts. Two (2) copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two (2) or more counterparts, each of which constitutes an original, and all of which, when taken together, constitutes one Agreement.

20.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of you, us, and to the extent applicable, our Affiliate(s).

[Signature Page Follows]

20.13 Entire Agreement. This Agreement, the Addenda attached to it, and any other agreements executed by you and us concurrently with our execution of this Agreement represent the entire fully integrated agreement between you and us, and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to in writing by you and us, and executed by your and our authorized officers or agents.

GLOWZONE INTERNATIONAL, LLC	**FRANCHISEE:____________________**
By: ________________________	By: ________________________
Print Name: ____________________	Print Name: ____________________
Its: ________________________	Its: ________________________
Date: ________________________	Date: ________________________

APPENDIX

GLOSSARY OF TERMS

AAA: The American Arbitration Association.

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party.

Agreement: This franchise agreement and any of its amendments.

Anti-Terrorism Laws: Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the 15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Protected Area of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Location: The location that we have approved as the site for your Arena, identified on **Addendum 1**.

Approved Suppliers: The various companies with which we and / or our Affiliates have authorized to sell products or services to you, or are contracted to do business with us and / or our Affiliates, and which may provide products to you through us and / or our Affiliates. We or our Affiliate(s) may also be an Approved Supplier.

Arena: A family challenge and entertainment arena operated under the Marks by you, by us, by our Affiliates, or by a third party under a franchise or license agreement with us, the terms of which may vary materially from those in this Agreement.

Authorized Offerings: Defined in Section 9.3.

Authorized Products: The specific products and items that are specified by us from time to time in the Brand Standards Manual, or as otherwise directed by us in writing, for sale at your Arena, prepared, sold and/or manufactured in strict accordance with our standards and specifications.

Authorized Services and Products: Defined in Section 9.2.

Authorized Services: The specific services that are specified by us from time to time in the Brand Standards Manual, or as otherwise directed by us in writing, for sale at your Arena, rendered or provided in strict accordance with our standards and specifications.

Business Entity: A corporation, a general or limited partnership or a limited liability company.

Brand Fund: The Brand Fund that we will establish with the contributions that we receive from Arenas in accordance with Articles 6 and 8.

Brand Fund Fee: Defined in Section 6.3.

Brand Standards Manual: The primary source of information regarding the System and the construction and operation of Arena, which includes our operations and training manuals, and any other written directives related to the System, as they may be amended and revised by us from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by us and given to you in any format.

Capital Modifications: Defined in Section 9.10.

Commencement Date: The date that you actually open your Arena for business and begin operation.

Competitive Business: Any business that: (i) sells or offers to dispense products the same as or similar to the type of products sold in Arena (including but not limited to the Authorized Products); or (ii) provides or offers to provide services the same as or similar to the type of services sold in Arena (including but not limited to the Authorized Services); or other than a Arena operated under a franchise agreement with us.

Confidential Information: Our confidential and/or proprietary information including without limitation: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; the Intellectual Property; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective customers, other franchisees, agencies, Approved Suppliers, and other related information; Customer Information; and the Brand Standards Manual. Confidential Information will not include information which was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed: (a) at or prior to the time you received it; or (b) at or prior to the Effective Date, whichever occurred first.

Cooperatives: Defined in Section 8.8.

Credit Card Vendors: Defined in Section 9.13.

Customer Information: Defined in Section 11.2.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

EFT: Defined in Section 6.4.

Force Majeure: This includes war, riot, strikes, materials shortages, fires, floods, earthquakes, and other acts of God, or governmental action or force of law, but excluding a shortage of funds, which results in your or our inability to build, equip, or operate your Arena or otherwise perform an obligation under this Agreement, and which the party responsible for performance could not by the exercise of due diligence have avoided.

General Manager: Defined in Section 9.1.

Grand Opening Marketing: Defined in Section 8.3.

Gross Sales: All consideration, whether by cash, credit, in kind, checks, gift certificates, scrip, coupons, services, property or other means of exchange, or otherwise, derived directly or indirectly from the operation of your Arena, including the credit value given for all merchandise trades, the full retail value of any gift certificate or coupon *sold* for use at your Arena (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales), and insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" does not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority;

(ii) valid discounts and coupons given by your Arena that we have approved (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts);

(iii) customer refunds made by your Arena that do not exceed one percent (1%) of your Gross Sales; or

(iv) tips from customers given to your employees for food service relating to any restaurant located inside of your Arena.

Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you. Gross Sales consisting of property, products or services will be valued at the retail prices applicable and in effect at the time that they are received. Any amounts deposited in your Arena's bank accounts are deemed Gross Sales unless proven otherwise.

Improvement(s): Defined in Section 9.16.

Indemnified Parties: Defined in Section 14.1.

Initial Franchise Fee: Defined in Section 6.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as proprietary products, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Period: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (including Anti-Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over you, us, or any part of your Arena.

Liquidated Damages: Defined in Section 18.7.

Local Advertising Requirement: Defined in Section 8.2.

Marks: Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including but not limited to the marks "Glowzone™", "Glowzone Family Challenge Arena™" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Arena), and all other visual identification, as are now designated, and may hereafter be designated by us, for use in connection with the System.

Mediation Termination Date: Defined in Section 19.2.4.

Net Judgment: Defined in Section 19.7.

Owner: Any person who owns any stock, units, membership, partnership or other ownership interests in you, directly or indirectly.

Payment Date: The day on which you must pay us the Royalty Fee and Brand Fund Fee for the previous Reporting Period, which day we may designate from time to time. As of the Effective Date, the Payment Date is the fifth calendar day of the month. If the Payment Date of the month falls on a weekend or holiday, then it will be the next business day after that day. You must comply with a new Payment Date within 14 days after receiving written notice that the Payment Date has changed.

POS System: Defined in Section 11.1.

Prevailing Party: Defined in Section 19.7.

Protected Area: The geographic area in which we grant to you the limited right of exclusivity as described in Article 4. Your specific Protected Area is identified on **Addendum 1.**

Reporting Period: A calendar month, or such other time period as we may designate from time to time in writing.

Royalty Fee: A fee paid by you to us at the times designated by us in the Brand Standards Manual, in accordance with Article 6.

Successor Franchise Agreement: Defined in Section 5.2.2.

Supplements: Defined in Section 9.10.

System: A uniform system for the establishment and operation of Arena, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Authorized Services and Products; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training; trade secrets; methods of marketing and selling entertainment and family-oriented events in an Arena that provides a stimulating, safe and clean environment for children and families of all ages to play, as well as related items, prepared, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Arena, all of which we may change, improve, and further developed from time to time.

Term: Defined in Section 5.1.

Trade Dress: The decorative, non-functional components of a Arena that provide the establishment of a distinctive, memorable appearance.

Transfer: Defined in Section 15.2.

We, us, or our: Defined in the Recitals to the Agreement.

You or your: Defined in the Recitals to the Agreement.

ADDENDUM 1

INFORMATION CONCERNING FRANCHISEE AND THE FRANCHISED BUSINESS

A. IDENTITY AND STRUCTURE OF FRANCHISEE

Franchisee's Name: ______________________________

Entity type and jurisdiction of formation: ______________________________

Date of entity formation: ______________________________

Provide name and address of each Owner who owns a percentage of the legal entity, and show what percentage of stock, partnership interest, or membership interest is owned by each.

____

____

____

Address for Notices: ______________________________

____

Attention: ______________________________

Email Address: ______________________________

General Manager's Name (Section 9.1): ______________________________

B. **GENERAL DESCRIPTION OF YOUR PROTECTED AREA** **(Section 4.1.1)** The Approved Location and Protected Area for your Arena has NOT yet been identified. We and you agree that the general description of the location for your Arena and its Protected Area will be as listed below, but you understand and agree that you will *not* receive any exclusive rights in the area identified below. Your exclusive rights will only attach once you and we have agreed on the Approved Location and Protected Area and entered it in Item C of this Addendum, which you and we will do only after you receive our approval of the Approved Location.

____

____

____

C. **YOUR APPROVED LOCATION AND PROTECTED AREA** **(Section 4.1.2)** We and you have mutually agreed upon a Protected Area based on the site for your Arena which is indicated below. You acknowledge that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

(1) Approved Location for your Arena : The Approved Location for your Arena, as provided in Sections 3.1 and 3.2 of the Agreement, is:

____

____

____

(b) Protected Area: The Protected Area, as provided in Section 4.1 of the Agreement, is:

____

____

____

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

GLOWZONE INTERNATIONAL, LLC	FRANCHISEE
By: ____________________	By: ____________________
Print Name: ________________	Print Name: ________________
Its: ____________________	Its: ____________________
Date: ___________________	Date: ___________________

ADDENDUM 2
FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "**Agreement**") is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of GlowZone International, LLC, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you."

1. **Acknowledgments.**

a. Franchise Agreement; Franchisee. The term "**Franchisee,**" as used in this Agreement, is the party that entered, or is entering, into a franchise agreement with us effective as of _________________________, 20__ ("**Franchise Agreement**"). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.

b. Owners' Role. Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.

c. Your Access to Our Confidential Information. In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the "**Know-how**"). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "Owners" and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. **System Protection Covenants**. In light of your above acknowledgements, you covenant and agree to the following:

a. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than operating the Glow Zone Arena operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee's Arena under the terms of the Franchise Agreement and Brand Standards Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the "**Prohibited Activities**"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of two percent (2%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of two (2) years after the termination of the Franchise Agreement or any successor to it (the "**Restricted Period**") not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within twenty-five (25) miles of: (a) Franchisee's Protected Area; or (b) any other Arena that is then open or in development (the "**Restricted Territory**"). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Glowzone International, LLC franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you and we agree that the amount of the bond will not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. Personal Guarantee. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. Payment. Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. Waiver of Notice. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. Liability is Joint and Several. You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. Bankruptcy Filing. This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreemeent at the time of death;. and the obligations of any other Owners will continue in full force and effect.

5. Governing Law. The governing law provisions of the Franchise Agreement will apply to this Agreement.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

7. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

8. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. Severability. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. Notice. You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. Binding Effect. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: ______________________ Address: ______________________

____

Name: ______________________ Telephone: ______________________

By: ______________________ Address: ______________________

____

Name: ______________________ Telephone: ______________________

By: ______________________ Address: ______________________

____

Name: ______________________ Telephone: ______________________

By: ______________________ Address: ______________________

____

Name: ______________________ Telephone: ______________________

ADDENDUM 3
Electronic Funds Transfer Authorization

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

BY AND BETWEEN GLOWZONE INTERNATIONAL, LLC
AND ____ ("DEPOSITOR")
EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby authorizes __________________ ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Company's instructions:

______________________________ ______________________________

Depository Branch

______________________________ ______________________________

Address City, State, Zip Code

______________________________ ______________________________

Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor will have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor will have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

DEPOSITOR:

By: ___________________________

Print Name: ____________________

Its: ___________________________

Date: __________________________

ADDENDUM 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, ______________________ a ____________________ ("**Assignor**"), hereby assigns, transfers and sets over unto GlowZone International, LLC, a California limited liability company ("**Assignee**") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "**Lease**"), respecting the premises commonly known as ______________________________. This Assignment is for collateral purposes only and except as specified herein, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms of this Assignment of Lease and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest in the Lease and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby. Upon a default by Assignor under the Lease or a default or expiration under the franchise agreement by and between Assignor and Assignee for the establishment and operation of a GlowZone Arena (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its Affiliates, Assignee will have the right and is empowered to take possession of the premises demised by the Lease, expel Assignor from the Lease and premises, and, in such event, Assignor will have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal of or successor to it, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that any such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated in this Assignment of Lease, Assignor will and hereby does appoint Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: **GlowZone International, LLC**	Assignor: ______________________
By: ______________________	By: ______________________
Print Name: ______________________	Print Name: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

ADDENDUM 5

ADDENDUM TO LEASE

This Addendum to Lease ("**Addendum**"), dated __________, 20__, is entered into by and between ____________________ ("**Lessor**"), and ______________________("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum will control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum will be given the same meaning as the defined terms in the Lease.

A.. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated __________, 20__, and pertaining to the premises located at ______________________ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate a GlowZone franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with GlowZone International, LLC ("**Franchisor**") under the name "Glow Zone" or other name designated by Franchisor (herein referred to as "**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee must agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached as Addendum 4: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate; (b) to a duly authorized franchisee of Franchisor; (c) in connection with a merger, acquisition, reorganization or consolidation; or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease will be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will be

permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor will not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor must give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor must contemporaneously give Franchisor a copy of the notice. Franchisor will have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

b. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

GlowZone International, LLC
~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200~~500
~~Las Vegas, Nevada 89113~~
Los Angeles, California 90045

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which will be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment will be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect will be included in the Lease.

4. Termination or Expiration.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the new franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Glow Zone marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor will permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Addendum 4.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Radius Clause. The radius restriction set forth in the Lease, if any, is hereby deleted.

8. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee will have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the center in which the Premises are located (the "**Center**"), the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor will be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor will indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorney fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

9. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

10. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Center and has full right, power and authority to enter into this Lease; (ii) that the Center is in compliance

with the Americans with Disabilities Act ("ADA"); (iii) that the permitted "use" of the Premises does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Center and will maintain throughout the term of this Lease general liability insurance coverage for the Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Center in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein, Lessee will peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof must not be disturbed. Lessor covenants and agrees that Lessor will take no action that will interfere with Lessee's intended usage of the Premises. Lessor must indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Center, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification will survive expiration or termination of this Lease.

11. Mitigation. Lessor must use reasonable efforts to mitigate its damages in the event of a Lessee default.

12. Removal of Trade Dress/Personal Property. Lessor must permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor will permit Lessee to remove its Trade Dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section 4, whichever later occurs.

13. Alterations. Lessor's consent will not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

14. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease will be valid unless made in writing and signed by the parties hereto.

15. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease will remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

16. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN WITNESS WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:__________________	**LESSEE:**__________________
By:__________________	By:__________________
Its:__________________	Its:__________________
Date:__________________	Date:__________________

4851-3754-6541, v. 2

Glowzone International, LLC

EXHIBIT C

Financial Statements

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

GLOWZONE INTERNATIONAL LLC

DECEMBER 31, 2017 AND 2016

FINANCIAL STATEMENTS

279 Niagara Falls Blvd.   Amherst, New York 14226   716 – 510-6068

GLOWZONE INTERNATIONAL, LLC

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

January 4, 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Glowzone International LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Glowzone International LLC (a limited liability company) as of December 31, 2017 and 2016 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glowzone International LLC (a limited liability company) as of December 31, 2017 and 2016 and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

Glowzone International LLC

Balance Sheet
December 31, 2017 and 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 66,109	$ -
Due From Affiliates	66,418	786,559
TOTAL CURRENT ASSETS	132,527	786,559
FIXED ASSETS		
Equipment	-	-
TOTAL ASSETS	$ 132,527	$ 786,559

LIABILITIES & STOCKHOLDERS EQUITY

	2017	2016
CURRENT LIABILITIES		
Accounts payable	$ -	$ 20,147
TOTAL CURRENT LIABILITIES	-	20,147
TOTAL LIABILITIES	-	20,147
MEMBERS' EQUITY		
Members' equity	132,527	766,412
TOTAL STOCKHOLDERS EQUITY	132,527	766,412
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$ 132,527	$ 786,559

See accompanying notes

Glowzone International LLC

Statement of Operations
Years ending December 31, 2017 and 2016

	2017	2016
Revenues		
Franchise fees	$ 60,000	$ 160,000
Royalties	463,707	127,782
Other franchise revenue	213,454	4,480
Total revenue	737,161	292,262
Cost of sales	147,565	13,410
Gross margin	589,596	278,852
Expenses		
Advertising	1,686	6,096
Miscellaneous	-	189
Office supplies	3,358	1,099
Professional fees	32,923	22,128
Subcontract	23,461	-
Subscriptions	3,036	-
Telephone	640	326
Travel, meals and entertainment	8,262	2,339
Total expenses	73,366	32,177
Operating Income	516,230	246,675
Income Taxes	800	800
Net Income	$ 515,430	$ 245,875

See accompanying notes

Glowzone International LLC

Statement of Changes in Members' Equity
Years ending December 31, 2017 and 2016

		Total Equity
Equity at January 1, 2016	$	-
Capital Contributions in 2016		879,202
Draws in 2016		(358,665)
Net Income		245,875
Equity at December 31, 2016	$	766,412
Equity at January 1, 2017	$	766,412
Capital Contributions in 2017		-
Draws in 2017		(1,149,315)
Net Income		515,430
Equity at December 31, 2017	$	132,527

See accompanying notes

Glowzone International LLC

Statement of Cash Flows
Years ending December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net Income	$ 515,430	$ 245,875
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	-	-
Changes in assets and liabilities		
Current assets	720,141	(785,559)
Current liabilities	(20,147)	20,147
Net cash provided by operating activities	1,215,424	(519,537)
Cash flows from investing activities:		
Expenditures on Start-up Costs	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities:		
Capital infusion	-	878,202
Member draws	(1,149,315)	(358,665)
Net cash provided by investing activities	(1,149,315)	519,537
Net increase in cash	66,109	-
Cash - beginning of year	-	-
Cash - end of year	$ 66,109	$ -
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	800	800

See accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was organized as a Limited Liability Company under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Glowzone operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be a limited liability company. In lieu of income taxes at the business level, the members of a limited liability company is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2017 and 2016, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.

B. The franchisee is obligated to pay a non-refundable initial franchise fee.

C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 4, 2018, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

GLOWZONE INTERNATIONAL LLC

DECEMBER 31, 2015

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

GLOWZONE INTERNATIONAL LLC

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

January 30, 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Glowzone International LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Glowzone International LLC (a limited liability company) as of December 31, 2015 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glowzone International LLC (a limited liability company) as of December 31, 2015 and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

Glowzone International LLC

Balance Sheet
December 31, 2015

ASSETS

CURRENT ASSETS	
Cash	$ -
Subscription Receivable	1,000
TOTAL CURRENT ASSETS	1,000
FIXED ASSETS	
Equipment	-
OTHER ASSETS	
Organization Costs	-
Franchise Fees	-
	-
TOTAL ASSETS	$ 1,000

LIABILITIES & STOCKHOLDERS EQUITY

CURRENT LIABILITIES	
Due to Affiliates	$ -
TOTAL CURRENT LIABILITIES	-
TOTAL LIABILITIES	-
MEMBERS' EQUITY	
Capital Contribution	1,000
Retained Deficit	-
TOTAL STOCKHOLDERS EQUITY	1,000
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$ 1,000

See accompanying notes

Glowzone International LLC

Statement of Operations
Period ending December 31, 2015

Revenues		
Initial franchise fee	$	-
Other franchise revenue		-
Total revenue		-
Expenses		
Bank charges		-
IT Support		-
Marketing		-
Travel, meals and entertainment		-
Office supplies		-
Trade shows		-
Professional fees		-
Total expenses		-
Net Loss	$	-

See accompanying notes

Glowzone International LLC

Statement of Changes in Members' Equity
Period ending December 31, 2015

	Capital Contributions	Retained Deficit	Total Equity
Equity at October 27, 2015	$ -	$ -	$ -
Capital Contributions in 2015	1,000	-	1,000
Net Loss		-	-
Equity at November 30, 2015	$ 1,000	$ -	$ 1,000

See accompanying notes

Glowzone International LLC

Statement of Cash Flows
Period ending December 31, 2015

Cash flows from operating activities:	
Net Income	$ -
Adjustments to reconcile net loss to net cash provided by operating	
Depreciation & amortization	-
Changes in assets and liabilities	
Current assets	(1,000)
Current liabilities	-
Net cash provided by operating activities	(1,000)
Cash flows from investing activities:	
Expenditures on Start-up Costs	-
Net cash provided by investing activities	-
Cash flows from financing activities:	
Capital infusion	1,000
Net cash provided by investing activities	1,000
Net increase in cash	-
Cash - beginning of period	-
Cash - end of period	$ -
Supplemental Disclosures	
Interest Paid	-
Income Taxes Paid	-

See accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was organized as a Limited Liability Company under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Glowzone operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be a limited liability company. In lieu of income taxes at the business level, the members of a limited liability company is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2015, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.

B. The franchisee is obligated to pay a non-refundable initial franchise fee.

C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

The Company has yet to sell any franchises as of December 31, 2015.

NOTE 4 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 30, 2016, the date that the financial statements were available to be issued.

Glowzone International, LLC

EXHIBIT D

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[Glowzone Combined Table of Contents]

SECTION A

SECTION B

SECTION C

SECTION D

SECTION E

SECTION F

Glowzone International, LLC

EXHIBIT E

Form of General Release

GENERAL RELEASE

As a condition to Glowzone International, LLC's ("Franchisor") consent to **[grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement]** by **[name of franchisee]** ("Franchisee") under the Franchise Agreement dated ________________________ **[date of Franchise Agreement]**, the undersigned, and each of their respective corporate parents, subsidiaries, Affiliates, successors in interest, heirs and assigns, and each of their respective owners, Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

By: ________________________

Name: ______________________

By: ________________________

Name: ______________________

Glowzone International, LLC

EXHIBIT F

State-Specific Addendum to Franchise Disclosure Document and Agreement

EXHIBIT F

STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Franchise Disclosure Document between Glowzone International, LLC ("Franchisor," "we," "us," or "our") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between Franchisor and you ("you," or "your") dated ______________, 20___.

The provisions of this State Law Addendum to Franchise Disclosure Document and Franchise Agreement ("**State Addendum**") apply only to those persons residing or operating Arenas in the following states:

FOR THE STATE OF CALIFORNIA:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

The Franchise Disclosure Document is hereby amended as follows:

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination~~ or~~, transfer, and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contain a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

~~The Franchise Agreement require application of the laws of the State of Nevada. This provision may not be enforceable under California law.~~

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Item 1 of the Franchise Disclosure Document is amended to add the following disclosure: in California, local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

The Franchise Agreement is hereby amended as follows:

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.

2. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and Franchise Disclosure Document are hereby amended as follows:

Due to our financial condition, the California Department of Business Oversight has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

The Franchise Agreement is hereby amended as follows:

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.

2. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Agreement contain a provision that is inconsistent with the law, the law will control.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Brand Fund Fees; c) Liquidated Damages; d) Transfer Fees; and e) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

"Fair market value of the franchise assets" means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

"Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

FOR THE STATE OF CONNECTICUT:

The following statement is added to the cover page of the Franchise Disclosure Document:

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

The following statement is added to Item 3 of the Franchise Disclosure Document:

There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The FDD and Franchise Agreement are hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

FOR THE STATE OF HAWAII:

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

FOR THE STATE OF ILLINOIS:

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

To the extent that the Franchise Agreement would otherwise violate Illinois law, the agreements are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

17(v), Choice of Forum, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

17(w), Choice of Law, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Disclosure Document and Franchise Agreement may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement are inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede those provisions.

FOR THE STATE OF INDIANA:

Item 8 of the Franchise Disclosure Document is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

> 17(e) is amended subject to Indiana Code 23-2-2.7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> 17(m) is amended subject to Indiana Code 23-2-2.7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.
>
> 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the Protected Area granted to you.
>
> 17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law.
>
> 17 (w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise Agreement or California law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Agreement to the extent the Agreement may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement which would require you to prospectively assent to a release, or, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The Franchise Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

FOR THE STATE OF IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Glowzone International LLC at 6051 De Soto Ave, Woodland Hills CA 91367 or email: Samantha@~~glowzone.us~~glowzoneinternational.com, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: ______________________________

By: ______________________________

Print Name: ______________________________

Its: ______________________________

Date: ______________________________

FOR THE STATE OF MARYLAND

Pursuant to COMAR 02.02.0.8.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law. 17(c) and 17(m) of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law and those documents are hereby amended consistent with Maryland law.

The Compliance Statement (Exhibit F to the Franchise Disclosure Document) is hereby amended by stating that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of any liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

17(v) of the Franchise Disclosure Document and Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 17(w) of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 *et seq.*).

FOR THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

> **A prohibition on the right of a franchisee to join an association of franchisees.**
>
> **A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.**
>
> **A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.**
>
> **A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value**

at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of our intent not to renew the franchise.

A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA:

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and our System standards. Notwithstanding anything to the contrary in the Franchise Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise Agreement that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise Agreement.

7. The following language will be added to the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues.

FOR THE STATE OF NEW YORK:

The following is added to the Risk Factors on the cover page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

Item 3 of the Franchise Disclosure Document is modified to read as follows:

Neither Glowzone International, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Glowzone International, LLC's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. Neither Glowzone International, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Glowzone International, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent.

Item 4 of the Franchise Disclosure Document is modified to read as follows:

Neither Glowzone International, LLC, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of Item 5 of the Franchise Disclosure Document:

We may use the proceeds from your payment of the initial franchise fee to defray our costs and expenses for providing training and assistance to you; for commission payments to brokers involved in the sale of a franchise to you; for general working capital purposes; and for other expenses.

The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows:

THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Item 17(w) of the Franchise Disclosure Document is revised to read as follows:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon you by the General Business Law (GBL) of the State of New York, Article 33. This language has been included in this Franchise Disclosure Document as a condition of registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

The following provisions shall be added to the Franchise Agreement:

Notwithstanding the choice-of-law provisions in the Franchise Agreement, all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provision of GBL 687.4 and 687.5 be satisfied.

The new section is added to the Franchise Agreement as follows:

Notwithstanding Section 14.1 of the Franchise Agreement and Sections 8.3 and 11.2 of the Franchise Agreement, you shall not be required to indemnify us for any liabilities which arose as a result of our breach of this Agreement or other civil wrongs committed by us.

Notwithstanding the choice-of-law provisions in the Franchise Agreement, it shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

FOR THE STATE OF NORTH DAKOTA:

Sections of the Franchise Disclosure Document, Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement and Confidentiality / Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

FOR THE STATE OF OHIO:

The following language will be added to the Franchise Agreement:

> You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, Glowzone International LLC at 6051 De Soto Ave, Woodland Hills CA 91367 or email: Samantha@~~glowzone.us~~glowzoneinternational.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

You: ______________________________

By: ________________________________

Print Name: _________________________

Its: _______________________________

Date: ______________________________

FOR THE STATE OF RHODE ISLAND:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

FOR THE STATE OF VIRGINIA:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17(h) of the Disclosure Document. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following is added to the cover page of the Disclosure Document:

Please consider the following RISK FACTORS before you buy this franchise:

THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.

WE WERE INCORPORATED ON OCTOBER 27, 2015 AND HAVE A BRIEF OPERATING HISTORY FOR YOU TO REVIEW. BECAUSE WE HAVE BEEN OPERATING FOR ONLY A SHORT PERIOD OF TIME, WE HAVE LIMITED RESOURCES WITH WHICH TO SUPPORT THE FRANCHISE SYSTEM. YOU MAY WANT TO CONSIDER THESE FACTORS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

FOR THE STATE OF WASHINGTON:

Arbitration shall take place in the state of Washington, but only if "in-state" arbitration is a valid requirement of the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

FOR THE STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of ___________________, 20___, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement between the parties.

GLOWZONE INTERNATIONAL, LLC	You: ______________________
By: ______________________	By: ______________________
Print Name: ______________________	Print Name: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

Glowzone International, LLC

EXHIBIT G

Compliance Questionnaire

EXHIBIT G

COMPLIANCE QUESTIONNAIRE

As you know, Glowzone International, LLC and you are preparing to enter into a Franchise Agreement (as applicable to you, the "Agreement"). In this questionnaire, Glowzone International, LLC will be referred to as "we" or "us." The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question. **If the answer you give calls for a written explanation and there is not enough room in the space we provide on this questionnaire to give a complete written explanation, please attach additional pages as necessary.**

1. Have you received, studied and reviewed carefully the Franchise Disclosure Document and Agreement(s)? Check one: (__) Yes (__) No

2. Do you understand all of the information contained in the Agreement(s) and each Addendum, schedule, or exhibit attached to it or them? Check one: (__) Yes (__) No

   If your answer is "No," what parts of the Agreements do you not understand? __________
   ____
   ____
   ____

3. Do you understand all of the information contained in the Franchise Disclosure Document and each addendum or exhibit attached to it? Check one: (__) Yes (__) No

   If your answer is "No," what parts of the Franchise Disclosure Document do you not understand?
   ____
   ____
   ____

4. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a Glowzone™ franchise, or have you made the decision not to consult with one? Check one: (__) Yes (__) No

5. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one: (__) Yes (__) No

   If your answer to question 5 is "Yes," please describe the statement or promise: __________
   ____
   ____
   ____

6. Was any oral, written or visual claim or representation made to you that stated, suggested, predicted or projected your sales, expenses, income or profit levels or that of any actual or hypothetical franchise business, other than as set forth in Item 19 of the Franchise Disclosure Document? Check one: (__) Yes (__) No

If your answer is "Yes," please describe the oral, written or visual claim or representation made to you: ______

7. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for Glowzone™ products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one: (__) Yes (__) No

   If your answer is "No," please describe your understanding of what the success or failure of your business will depend upon: ______

8. Have any of our employees or any other persons speaking on our behalf made any statement, promise or agreement concerning the likelihood of success that you should or might expect to achieve from operating a Glowzone™ franchise? Check one: (__) Yes (__) No

   If your answer is "Yes," please describe the statement, promise, or agreement: ______

9. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the advertising, marketing, training, support, service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD? Check one: (__) Yes (__) No

   If your answer is "Yes," please describe the statement, promise, or agreement: ______

10. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the costs you may incur in operating a Glowzone™ franchise that is contrary to, or different from, the information contained in the FDD? Check one: (__) Yes (__) No

    If your answer is "Yes," please describe the statement, promise, or agreement: ______

11. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a Glowzone™ franchise (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws? Check one: (__) Yes (__) No

If your answer is "No," please describe your understanding regarding legal compliance: ____

____

____

____

12. Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with FDD or the Agreement(s), or any attached written addendum signed by you and an officer of ours? Check one: (__) Yes (__) No

If your answer is "Yes," please describe the promises, agreements, commitments, representation, understandings, "side agreements" or other expansion: ____

____

____

____

13. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies? Check one: (__) Yes (__) No

If your answer is "Yes," have you relied on the statement(s) regarding the financial condition of any of our affiliated companies in deciding whether to purchase a franchise from us? Check one: (__) Yes (__) No

If your answer to either of the above questions is "Yes," please describe the statements you received or heard regarding the financial condition of our parent or any of our affiliated companies:

____

____

____

____

____

14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Glowzone™ brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One: (__) Yes (__) No. If no, please comment:

____

____

____

____

15. Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws? Check one: (__) Yes (__) No

16. Which of our representatives have you met with?

____
____
____
____

By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

<u>NOTE:</u> **IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).**

By: ____________________ Address: ____________________

Name: ____________________ Telephone: ____________________

By: ____________________ Address: ____________________

Name: ____________________ Telephone: ____________________

Glowzone International, LLC

EXHIBIT H

Confidentiality and Non-Compete Agreement

EXHIBIT H

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE ("**Agreement**") is made and entered into this ________ day of ______________________, 20___, between ("**you**"); and _________________________ ("**Franchisee**").

RECITALS

A. Franchisee has entered into a franchise agreement with Glowzone International, LLC ("**Glowzone**").

B. You are a General Manager, officer, director, or an entity affiliated with, or providing products or services to Franchisee.

C. As a result of Franchisee's relationship with you, you will have access to certain confidential and proprietary information of Glowzone.

NOW, THEREFORE, in consideration of the foregoing and in order to induce Glowzone to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. Is Third Party Beneficiary. You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of Glowzone, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of Glowzone. In consideration of Glowzone's agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to Glowzone and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Glowzone (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers and clients, other franchisees, agencies, Suppliers, and other related information) (hereinafter, "**Confidential Information**"), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with Glowzone and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. "Confidential Information" shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Glowzone except strictly incidental to, and solely in furtherance and within the scope of, your relationship with Glowzone and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee's relationship with you, as the case may be), for any reason, you must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all other documents then in your possession or under your control containing or relating to any Confidential Information, whether in paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If you receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, you will immediately provide Franchisee and Glowzone with written notice of the receipt of such subpoena or process and a copy thereof, and will cooperate with Franchisee and Glowzone in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to Glowzone must be given to its President.

3. **Covenant Not to Compete**. While you maintain a relationship with Franchisee, you shall not engage in any activity which competes directly or indirectly with Glowzone in any state in which Glowzone is doing business or in which it has current plans to begin business, except with the written permission of Franchisee or Glowzone. If your relationship with Franchisee is terminated for any reason, you will be prohibited for a period of two (2) years from the date of such termination, from any place within twenty-five (25) miles of Franchisee's business location, from:

(a) Directly or indirectly soliciting any customer or client of Glowzone or Franchisee.

(b) Inducing, advising, suggesting or attempting to influence directly or indirectly anyone affiliated with Glowzone's franchisees to terminate employment or establish a professional relationship with another person or entity.

(c) Directly or indirectly participating in or being connected in any manner with the ownership, management or operation of any business or entity that competes with Glowzone, in offering or selling services relating to Arena or birthday party venues.

4. **Non-solicitation**. While you are employed by or associated with Franchisee, and for two (2) years after your employment or relationship ends, you must not, without prior written permission of Glowzone, directly or indirectly:

(a) Employ or attempt to employ any person who at that time is employed, or within the prior six months has been employed by Glowzone, Franchisee, or any affiliate of either of them.

(b) Induce or attempt to induce any person to leave employment with Glowzone, Franchisee, or any affiliate of either of them, or any other franchisee of Glowzone.

(c) Solicit or attempt to solicit any customers or clients for whom you provided services while you were employed by or affiliated with Franchisee.

5. **Breach of Agreement**. You acknowledge and agree that your violation or breach of the "Covenant Not to Compete," disclosure of "Confidential Information," or the "Non-solicitation" provisions, as provided herein by this Agreement will cause irreparable injury to Glowzone for which there is no adequate remedy at law. Accordingly, you agree that in the event of any breach or violation of this Agreement, Glowzone and/or Franchisee will be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief will be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding you from violating these provisions in the event there is a finding of breach. In addition, Glowzone and/or Franchisee will be entitled to recover and obtain from you all costs including, without limitation, reasonable attorneys' fees associated with any legal action arising out of your breach of any of the provisions of this

Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but will not affect any other provisions of this Agreement, all of which will otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to Glowzone hereunder are necessary to protect its legitimate business interests.

6. **Choice of Law**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state in which Franchisee's business is located, without respect to its conflict of laws principles.

Franchisee:____________________	You: ____________________
By: ____________________	By: ____________________
Print Name: ____________________	Print Name: ____________________
Its: ____________________	Its: ____________________
Date: ____________________	Date: ____________________

EXHIBIT I

Franchise Disclosure Document Receipts

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Glowzone International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale Under Iowa or New York law, if applicable, Glowzone International, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Glowzone International, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Glowzone International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Ron Whited, ~~Tara Whited, and~~ Samantha Hickman, ~~6630 Arroyo Springs Street~~Perry Roshan-Zamir, Jason Hughes, Mahmoud Malakafzali, and Robert Rafia, 6601 Center Drive West, Suite ~~1200, Las Vegas, Nevada 89113~~500, Los Angeles, California 90045, 888-565-5306. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

Issuance Date: ~~April 19, 2017~~January 4, 2018

See Exhibit A for Glowzone International, LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated ~~April 19,~~ January 4, 2018~~2017~~ that included the following Exhibits:

A. State Administrators / Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Manuals Table of Contents
E. State-Specific Addendum
F. Form of General Release
G. Compliance Questionnaire
H. Confidentiality and Non-Compete Agreement
I. Receipts

Date	Signature	Printed Name

Date	Signature	Printed Name

Please sign both copies of the receipt and date your signature.

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~~Date~~	~~Signature~~	~~Printed Name~~

~~Please sign both copies of the receipt and date your signature.~~ Please retain one copy for your records, and return the other copy to Samantha Hickman at ~~6630 Arroyo Springs Street~~6601 Center Drive West, Suite ~~1200, Las Vegas, Nevada 89113~~500, Los Angeles, California 90045, 888-565-5306 or email: Samantha@~~glowzone.us~~glowzoneinternational.com.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Glowzone International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Glowzone International, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Glowzone International, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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