



FRANCHISE DISCLOSURE DOCUMENT

PLAYlive Nation, Inc.,
a ~~Washington~~ Delaware Corporation
17235 North 75th Avenue, Suite ~~E-120F-115~~
Glendale, AZ 85308
Phone: (360) 539-8667
info@PLAYliveNation.com
Web Site: www.PLAYliveNation.com

The franchisee will operate a PLAYlive Nation premium social gaming lounge.

We offer two programs:

Single Unit Program: The total investment necessary to begin operation of a PLAYlive Nation premium social gaming lounge franchised business ranges from ~~\$147,660~~ ~~\$147,960~~ to ~~\$264,140~~ ~~\$339,140~~ ~~\$344,440~~. This includes the initial franchise fee of \$45,000 that must be paid to the franchisor or its affiliate(s).

Multi-Unit Program: The total investment necessary to begin operations of a PLAYlive Nation premium social gaming lounge franchised business ranges from ~~\$243,660~~ ~~\$174,460~~ to ~~\$384,140~~ ~~\$476,940~~ ~~\$471,640~~ (a minimum of two to six but can be more if you are qualified to develop more than six PLAYlive Nation premium social gaming lounge). The initial development fee ranges from \$26,500 (to develop one additional franchise) to \$132,500 (to develop five additional franchises).

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~~ ~~with or~~ make any payment to the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 the PLAYlive Nation, Inc., Franchise Department at: 17235 North 75th Avenue, Suite ~~E-120F-115~~, Glendale, AZ 85308, Tel: (360) 539-8667, Email: info@PLAYliveNation.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully and thoroughly before you sign. Also, we encourage you to show your contract and this disclosure document to an advisor, like a lawyer or accountant prior to signing.

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," can help you understand how to use this disclosure document and is available from the Federal Trade Commission (FTC). 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 15, 2019, ~~Amended August 27, 2019~~

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 CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE STATE OR THAT THE STATE HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit I** 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 AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION, MEDIATION OR ARBITRATION IN THE STATE OF ARIZONA. OUT-OF-STATE LITIGATION, MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE, MEDIATION OR ARBITRATION IN ARIZONA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATES THAT ARIZONA 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'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALL INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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, if any, represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

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.

STATES	EFFECTIVE DATE
California	April 19, 2018 <u>April 22, 2019</u>
Hawaii	
Illinois	
Indiana	
Maryland	May 7, 2018
Michigan	September 21, 2017 <u>April 22, 2019</u>
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	February 28, 2018
Wisconsin	

This Disclosure Document is exempt from the following states having business opportunities laws, with the following effective dates

STATES	EFFECTIVE DATE
Florida	May 5, 2015 <u>May 8, 2019</u>
Kentucky (one-time filing)	
Nebraska (one-time filing)	January 23, 2018
North Carolina (Annual)	August 24, 2017 <u>July 17, 2019</u>
South Carolina (Biennial)	May 15, 2017 <u>May 3, 2019</u>
Texas (one-time filing)	August 11, 2015
Utah	March 23, 2017 <u>April 18, 2019</u>

In all other states, the effect date of this Disclosure Document is the issuance date of April 15, 2019, amended on August 27, 2109.

STATE OF MICHIGAN DISCLOSURE 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 on 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 the Michigan Franchise 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 before the expiration of its ~~term~~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 fore than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other mans for the fair market value at the time of expiration of the franchisee's inventory, suppliers, equipment, fixtures, and ~~furnishigs~~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 ~~enot~~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 ~~lease~~least 6 months advance notice of ~~frachisor's~~franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on the 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 this state. 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:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications of 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 of right refusal to purchase the assets of a ~~franchisefranchisee~~ 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 these 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 ~~subdivionsubdivision~~ (c).

(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.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILED WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORESEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to: Michigan Attorney General's Office, Consumer Protection Division, Attn: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48933, Telephone Number: (517) 373-7117

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

Note: Despite paragraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the franchise agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

DISCLOSURE REQUIRED BY SOUTH CAROLINA LAW

The State of South Carolina has not reviewed and 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.

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EXHIBITS

EXHIBIT A FRANCHISE AGREEMENT AND RELATED EXHIBITS:

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ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

To simplify the language in this disclosure document, “we” or “us” mean PLAYlive Nation, Inc., (the “Franchisor”). “You” means the individual, corporation, limited liability company or partnership who buys the franchise. If the franchisee will operate through a corporation, limited liability company or partnership, “you” also includes the franchisee’s owners, members or partners.

Our company name is PLAYlive Nation, Inc. and we are using the name PLAYlive Nation as our name and trademark for the business. We converted to a Delaware corporation on July 24, 2019 from a Washington state corporation. We are a Washington state corporation formed on April 10, 2013. Our principal business address is located at 17235 North 75th Avenue, Suite ~~E-120F-115~~, Glendale, AZ 85308 and our telephone number is 1-360-539-8667. We conduct business under our corporate name and not others.

-On July 25, 2019, Simplicity Esports and Gaming Company (“Simplicity” or “Parent”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Esports Merger Sub, Inc., a wholly owned subsidiary of Simplicity (“Merger Sub”), and PLAYlive Nation, Inc. (“PLAYlive”), pursuant to which Simplicity agreed to acquire 100% of the issued and outstanding common stock of PLAYlive by way of a merger (the “Merger”) pursuant to which Merger Sub will merge with and into PLAYlive, with PLAYlive surviving the Merger and continuing to operate as a wholly owned subsidiary of Simplicity.

Simplicity Esports and Gaming Company, is a Delaware corporation. Simplicity is a publicly traded company trading under (OTCQB: WINR). PLAYlive Nation, Inc. is a wholly owned subsidiary of Simplicity Esports and Gaming Company.

The principal business address of our agents for service of process is shown on Exhibit I.

Our Business Activities

We operated our first PLAYlive Nation premium social gaming lounge in Olympia, Washington on May 1, 2011. Previously we operated under the name PLAYsmart from July 2009 until April 2011. A list of franchisees currently operating PLAYlive Nation premium social gaming lounges are set forth under Exhibit G. We have offered franchises in the line of business ~~disclosed~~ disclosed in this Disclosure Document since 2013, and we have no other business activities outside the PLAYlive Nation franchise business. We do not have any ~~parents or~~ predecessors.

PLAYlive, LLC (“PLAYlive, LLC”), our affiliate, is a Washington limited liability company formed on December 2, 2010 and shares our principal place of business at 17235 North 75th Avenue, Suite ~~E-120F-115~~, Glendale, AZ 85308. PLAYlive, LLC has operated a PLAYlive Nation business similar to the franchises offered in this disclosure document, ~~since its inception.~~ On July 16, 2019, PLAYlive, LLC also currently owns assigned its entire interest in the trademarks to the PLAYlive Nation System and has licensed to us under a license agreement, the right to use and sublicense the PLAYlive Nation System to PLAYlive Nation, Inc. ~~-PLAYlive, LLC has never offered franchises of the type described in this disclosure document, nor in any other line of business.~~

Simplicity Esports and Gaming Company our Parent is a Delaware corporation formed on April 17, 2017, with its place of business at 7000 West Palmetto Park Road, Suite 240505, Boca Raton, Florida 33433.

Your franchise business will operate a PLAYlive Nation premium social gaming lounge offering digital and tabletop gaming, gaming oriented merchandise, buy-sell trade and services to the public in a unique and immersive

atmosphere. The PLAYlive Nation concept allows individuals to experience the gaming industry in an upper scale, clean, and exciting environment with other gaming enthusiasts.

PLAYlive Nation offers the opportunity to obtain franchises to develop and operate a number of PLAYlive Nation premium social gaming lounges under a Multi-Unit Development Agreement (“MUDA”), attached to this Disclosure Document as Exhibit B. If you sign a MUDA, you will receive a Limited Exclusive Territory (“Territory”) in which you will establish individual PLAYlive Nation premium social gaming lounge under our separate then-current Franchise Agreements according to a Development Schedule (“Development Schedule”) by the dates specified on the Development Schedule.

The market for your services for this franchise opportunity will consist of members of the general public seeking gaming activities, services and merchandise. Sales are not seasonal, though some seasons such as summertime and holiday seasons experience even stronger performance. The market consists mainly of solo gaming centers.

PLAYlive Nation owners will not need any special licensing by the state they work in, but each business is subject to state and federal regulations regarding employees.

You must comply with federal, state and local health regulations concerning the operation of a premium social gaming facility.

ITEM 2 BUSINESS EXPERIENCE

DUNCAN WOOD, PRESIDENT / CEO [PLAYLIVE NATION, INC.](#)

Mr. [Duncan](#) Wood is the founder of PLAYlive Nation, Inc., ~~Olympia, WA~~. He serves as President, CEO and Secretary from our inception in April 2013 to present, [Glendale, Arizona](#). Mr. Wood serves as the founder, majority member and Manager of PLAYlive, LLC ~~in Olympia, Washington~~ [in Glendale, Arizona](#) from our inception in December 2010 to present. Mr. Wood also serves as the Manager of Grindless, LLC in Glendale, Arizona from its inception in June 2017 to present. ~~From 2007 to 2010, Mr. Wood served as Manager and Chief Executive Officer for The Sublime Group, LLC, Phoenix, Arizona. Mr. Wood holds a minority ownership interest in the -Simplicity Esports and Gaming Company since August 2019, Boca Raton, Florida. - He also serves as a Manager for PLAYlive Nation Holdings, LLC in Glendale, Arizona from its inception in July 2019.~~

JED KAPLAN, CEO SIMPLICITY ESPORTS AND GAMING COMPANY

~~Mr. Jed Kaplan is a founding shareholder and Chief Financial Executive Officer of Simplicity Esports and Gaming Company since its inception on April 17, 2017 in Boca Raton, FL. Mr. Kaplan also serves as the CEO of Shearson Financial Services since 1995 to present in Boca Raton, FL. Mr. Kaplan also serves as the Co-Managing Partner for Loudoun United, USL since 2017 to present in Leesburg, Virginia. Mr. Kaplan is a minority owner of the Memphis Grizzlies since 2012 to present in Memphis, TN. Mr. Kaplan served as a Board Member for the NBAGL Leadership Committee in 2014 – 2019; he served as the Managing Partner for the Iowa Energy, NBADL in 2014 – 2018 in Des Moines, Iowa; and he served as a Board Member of the West Boca Basketball in 2014 – 2018 in Boca Raton, FL. Mr. Kaplan was a minority owner of the Erie Bayhawks, NBADL in 2008 – 2014 in Erie, PA.~~

ROMAN FRANKLIN, PRESIDENT SIMPLICITY ESPORTS AND GAMING COMPANY

~~Mr. Roman Franklin is a founding shareholder and Board Member and President of Simplicity Esports and Gaming Company since its inception on April 17, 2017 in Boca Raton, FL. Mr. Franklin also serves as the President of Simplicity Esports and Gaming Company since January 1, 2019 to present. He also served as the President of Franklin Financial Planning Inc, in Boca Raton, LC from January 2004 to July 2017. Mr. Franklin also served as a Board Member of the National Association of Personal Financial Advisors from 2015 to 2017.~~

ROBERT J. STEINBERGER, IN-HOUSE LEGAL COUNSEL

Mr. Robert Steinberger is a practicing attorney licensed in the State of California. Mr. Steinberger serves as in-house legal counsel for PLAYlive, LLC and PLAYlive Nation, Inc. and he also holds a minority ownership interest in the ~~company~~ Simplicity Esports and Gaming Company. Mr. Steinberger served as the co-founder of the law firm of Soden & Steinberger, LLP located in San Diego, California from its inception in 2000 through 2011. Mr. Steinberger is currently the sole owner of the firm Soden & Steinberger, APLC from its inception in 2011 to present and continues to practice law.

ALEC THOMAS CARPENTER, OPERATIONS MANAGER

Mr. Alec Carpenter is an employee of PLAYlive ~~LLC, Olympia, Washington~~ Nation, Inc. located in Glendale, AZ since June 2011 to present. Mr. Carpenter serves as the Operations Manager. Mr. Carpenter holds a minority interest Simplicity Esports and Gaming Company ~~in the company~~.

JORDAN CHASE JENSEN, BRANDING/IT MANAGER

Mr. Jordan Jensen is an employee of PLAYlive Nation, Inc., ~~Olympia, Washington~~ located in Glendale, AZ since June 2011 to present. Mr. Chase serves as a Repair Technician, IT Technician and Branding Manager. Mr. Jensen holds a minority interest Simplicity Esports and Gaming Company ~~in the company~~.

CRAIG ~~MA~~. CAMPBELL, NATIONAL SALES DIRECTOR

Mr. Craig Campbell served as a Business Development Officer for PLAYlive Nation, Inc., located in Glendale, AZ ~~Olympia, Washington~~ from 2014 to 2017. He was appointed to serve as the National Sales Director on March 1, 2017. Craig Campbell is also a multi-unit Franchise Owner of ~~a~~ PLAYlive Nation, ~~Inc.~~ franchises in the state of Idaho. Mr. Campbell serves as the founder and Manager of Campbell & Sons Entertainment Group, LLC, McCall, ID, since its inception of May 2012 to present. He also DVS Consultants LLC serves as a Manager and CEO, McCall, ID, since its inception of March 2018 to present.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

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ITEM 5 INITIAL FEES

The Initial Franchise Fee for a single franchise is \$45,000. You must pay the Initial Franchise Fee in a full, lump-sum payment on the date that you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon receipt and is non-refundable under any circumstance.

~~The Initial Franchise Fee and Development Fee may be deferred until Franchisor has met its pre-opening obligations and Franchisee has opened its franchise business. (See State Addendum—Exhibit D)~~

If you wish to purchase additional franchises at the same time you sign this Franchise Agreement, you may purchase multiple units. The franchise fee for each purchased after the first one shall be \$26,500. You will then be required to sign a Multi-Unit Development Agreement (“MUDA”) and agree to open the additional units upon a set schedule. For each franchise opened under ~~an~~ MUDA, you will be required to sign the then-current form of the franchise agreement when you open additional PLAYlive gaming lounge centers. The form of the franchise agreement you are required to sign when you open PLAYlive gaming lounge centers under the MUDA may be different from the form of the franchise agreement included in this Disclosure Document. All Development Fees are fully earned upon receipt, and is non-refundable under any circumstance. See Exhibit B.

Three (3) Unit MUDA: In addition to the \$45,000 Initial Franchise Fee you will pay a \$53,000 (\$26,500 x 2) Development Fee under the MUDA for the two additional units you agree to develop. You shall open the first unit within six (6) months, from the execution of the Franchise Agreement, the second unit within twelve months (12) months of the first location opening and the third unit within twelve (12) months from the opening of the second location.

Six (6) Unit MUDA: In addition to the \$45,000 Initial Franchise Fee you will pay a \$132,500 (\$26,500 x 5) Development Fee under the MUDA for the five additional units you agree to develop. You shall open the first unit within six (6) months, from the execution of the Franchise Agreement, the second unit within twelve (12) months from the opening of the first location and the third unit within twelve (12) months from the opening of the second location, the fourth unit within twelve (12) months from the opening of the third location the fifth unit within twelve (12) months from the opening of the fourth location and the sixth unit within twelve (12) months from the opening of the fifth location. The opening of all six units cannot exceed sixty-six (66) months.

Other Initial Payments – Before you open your Franchise, you are required to pay us the fees stated below:

Development Services Fee. You will pay us a Development Services Fee of \$2,500 for each PLAYlive Nation gaming lounge to be developed. The Development Services Fee will be collected by the Franchisor at the time the service commence. In exchange for the Development Services Fee we will provide you with site selection assistance and support. The Development Services Fees is earned by us upon receipt and is not refundable.

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ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks and To Whom Paid
Monthly Royalty Fee ¹	6% of Gross Revenues with a minimum of \$600 for years one and two, whichever is greater and \$800 minimum for years three through ten or 6% whichever is greater	Payable the 5 th of each month	Payable to and collected by Franchisor electronically
Annual Meeting of all Franchisees	Travel related expenses including lodging at a designated hotel	Upon Registration	Details provided annually
Initial Training Program (for three trainees)	The cost of our Initial Training Program for three individuals is included in the initial franchise fee. You will bear the cost of any wages, benefits, travel, lodging, and any meal expenses incurred by you and your attendees during the initial training	Included as part of the Initial Franchise Fee	Payable to and collected by Franchisor. The initial Franchise Fee includes the initial training of three individuals being the Owners, General Manager, first manger or key personnel as designated by Franchisee no later than 30 days before the date the Franchisee anticipates opening the Business. All Managers you appoint later must also complete the Initial Training Program at additional costs described herein.
Replacement General Manager Training	\$300 per day per person plus expenses	Paid prior to the training being performed	Payable to and collected by Franchisor
Additional Training	Then current tuition rate	As incurred	Payable to and collected by Franchisor
Late Payment and Interest Fees	18% per annum or the maximum rate allowed by law whichever is less. Late Payment fee of 5% of any amount due hereunder	Upon request	Payable to and collected by Franchisor. You must pay interest on any past due amounts owed to Franchisor. Late payment fees are also imposed on any fee due that is late

Franchise Renewal Fee	\$2,500	At execution of Renewal Agreement	Payable to and collected by Franchisor (See Item 17b) and Franchise Agreement Section 7(B)6
Transfer Fee	\$10,000	Prior to approval of the transfer	Payable to and collected by Franchisor (See Item 17k) Franchise Agreement Section 22(B)4
Additional Assistance	\$300 per day	On Order	Payable to and collected by Franchisor; We provide opening assistance free. We provide telephone assistance free. Onsite additional assistance is provided for a fee
National Marketing Fund ²	1% of Gross Revenue	Payable at the same time and in the same manner as the Royalty Fee	The National Marketing Fund has not yet been established. All franchisees will contribute to the National Marketing Fund when it is established (See Item 11)
Local Advertising	\$200 per month	As incurred	You will pay your advertising vendors directly. Any advertising you propose to use that we have not already approved must be approved by us before you may use it (See Item 11)
Advertising Cooperative	1% of Gross Revenue	As incurred	See Item 11
Point-of-Sale Software License Fee ³ Games List Editor, Leader Board Platform, Graphics Editor, Dashboard, On-Line Training Platform	\$200 per month	Payable the 5 th of each month	Payable to and collected by Franchisor. Franchise Agreement Section 10(D)

Audit	The amount of any, deficiency, plus interest	On demand	If an audit is required due to your failure to provide reports, or if an audit reveals an understatement of any amount by 2% or more, you must pay any understated amount to us plus interest, and you must reimburse the costs of the audit
Product and Vendor Assessment Fee	There will be assessment fee of \$250 for any product or vendor you wish to offer or use in your Business that has not been previously approved by us	On demand	Payable to us. Franchise Agreement Section 10(E)
Management Fee on Death or Disability ³⁴	2 times the salary paid to the individual(s) assigned by us to operate the Franchised Business	Management fees and expenses will be paid from fees collected by us from operating the Franchised Business	Due if we assume management of the Franchised Business upon your death or disability. You must also pay our expenses including travel, meals, and other operating expenses we incur in operating the Franchised Business
Renovation Business	Will not exceed \$6,000 every (3) three years	As Incurred	We may require you to renovate your Business once every three (3) years. Payable to third parties ⁴⁵
Indemnification	All costs including attorneys' fees	As Invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Business.
Lease Compliance Fee⁶	\$1,500	Upon Request	Payable to and collected by Franchisor
Development Services Fee⁷	\$2,500	Upon Request	Payable to and collected by Franchisor
Website Maintenance, Graphic and Promotion Fee	\$45 to \$85 per hour (or current market rates)	As Invoiced	Payable to us or our affiliates. Franchise Agreement Section 10(G).

Note 1: Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration that you earn or receive from any source-related to, or in connection with, the operation of your franchised business or with this franchise, from all transactions in the Business, online or any other market place. Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only discounts you allow, gratuities paid by clients to employees of the Business, sales tax receipts that you must by law collect or pay, and any client refunds of previous payments you actually make.

The royalty obligation begins immediately once your Business is open for operation then continues for the term of your franchise. Your Business is deemed open for operation after the initial training is completed and once you have secured a retail space. The royalty is due and payable monthly on the 5th day of each month, but is to be paid to us how we specify. The royalty fee is 6% of Gross Revenues per calendar month, with a minimum of \$600 in year one and two, whichever is greater. A minimum monthly royalty fee of \$800 for years three through five or the greater of 6%.

Note 2: National Advertising Fee. You will pay us a National Advertising Fee contribution equal 1% of your monthly Gross Revenue per calendar month when we establish the fund. The National Advertising Fee is collected by us and all National Advertising Fees are non-refundable. The National Advertising Fee is due on the fifth (5th) day of each month then continues for the term of your franchise. You pay the National Advertising Fee at the same time and under the same terms as the royalty described above. National Advertising Fees are uniformly imposed on all franchisees.

We will place the National Advertising Fee in a separate bank account. We may use this fund for marketing, local, regional, and national advertising, public relations, promotions, surveys, test marketing, research and development administration (including all related expenses such as our salaries, accounting, collection, legal, and other costs), and any media costs. We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend advertising funds for activities that are principally a solicitation for the sale of franchises. There is no fiduciary relationship between us and you concerning any National Advertising Fee.

Note 63. Point-of-Sale System and Licensing Fee. You will be required to purchase a computer to run the Point-of-Sale System at your location. In addition, we will provide you with our proprietary Point-of-Sale System software at the monthly licensing fee of \$200 per month.

Note 34: Management Fee. From the date of your death or disability (or of your last surviving principal, partner or shareholder if you are an entity) until a fully-trained and qualified Manager assumes control, we may operate the Franchised Business, but will have no obligation to do so. If we do, then we will deduct our expenses for travel, lodging, meals, and all other expenses and fees from the Franchised Business's Gross Revenues and pay ourselves a management fee. This fee will be equal to two times the salary paid to individual(s) we assign to operate the Franchised Business. The Management Fee will be in addition to the Royalty Fees (as described above in this Item 6) that you must pay to us. We will remit any remaining funds to your estate. Your estate must pay us any deficiency in sums due to us under the Franchise Agreement within 10 days of our notifying your estate of deficiency. See Item 17 of this Franchise Disclosure Document and Section 22(D) of the Franchise Agreement for additional information.

Note 45: Third Party Fees. All fees are generally non-refundable. All fees are payable in US dollars. We do not expect to change any fees over which we have control. However, we cannot guaranty you that the amounts you pay to third parties will not change during the term of your Franchise Agreement.

Note 6: Lease Compliance Fee. You are required to retain our Approved Vendor when you have entered into a letter of intent (the “LOI”) for your approved site and pay us the sum of \$1,500 for the review of your lease. The review is to protect Franchisor’s rights under the lease. You are advised to seek legal representation to ensure your rights are protected.

Note 7: Development Services Fee. You will pay us a Development Services Fee of \$2,500 for each PLAYlive Nation gaming lounge to be developed. The Development Services Fee will be collected by the Franchisor at the time the service commence. In exchange for the Development Services Fee we will provide you with site selection assistance and support. The Development Services Fees is earned by us upon receipt and is not refundable

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ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATE INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee ¹	\$45,000	Lump Sum	Due upon signing	Payable to Franchisor
Branding Materials, Signage ²	\$5,000 - \$8,000 <u>\$11,000</u>	Cash	Prior to Opening	Payable to 3 rd party vendors
Lease Location ³	\$3,500 - \$8,000 <u>\$10,000</u>	As Arranged	As Arranged	Landlord
Furniture, Fixtures & Electronic equipment Equipment ⁴	\$36,500 - \$44,500 <u>\$64,500</u>	As Arranged	As supplier or landlord requires	As supplier or landlord requires
Inventory ⁵	\$6,000 - \$10 <u>\$14,000</u>	Lump sum	Prior to opening	3 rd party Vendor
Architectural/Engineering Fees	\$4,500 - \$12 <u>\$16,500</u>	As Arranged	As Arranged	3 rd party Vendor
Construction Management Services Fee	\$4,000	As Arranged	As Arranged	Centerline Corp (3 rd party Vendor)
Tenant Improvements	\$0.00 - \$80 <u>\$120,000</u>	Lump sum	Prior to opening	3 rd party Vendor
Grand Opening Marketing ⁶	\$500	Cash	Grand Opening Only	Payable to 3 rd party vendors and customers. Grand Opening items may ⁷ but are not required to be supplied by Franchisor at cost plus 15%.
Point-of-Sale System ("POS") (Computer and software) ⁷	\$4,160 <u>\$4,660</u>	Cash	Prior to opening	Supplier
Point-of-Sale License Fee	\$200 per month	As incurred	Due on the 5th of each month	Franchisor
Real Estate Security deposits, utility deposits, business licenses, and other pre-paid expenses ⁸	\$3,500 - \$8,000 <u>\$10,000</u> \$0 <u>\$15,000</u>	As incurred	Prior to opening	Landlord, Utility Companies, and Business License Agencies

Professional Fees ⁹⁷	\$1,500 - \$3,000	As arranged	As arranged	Lawyer, Accountant, Consultant
Pre-Opening Training – Travel and Living Expenses ⁸	No Charge	N/A	As incurred	N/A
In Store Training Travel Expenses ¹¹⁹	\$1,500 - \$2,500	As Arranged	As Arranged	Franchisor
Insurance (annual premium) ¹²¹⁰	\$1,800 - \$3,780	As agent requires	Before opening	Insurance Agent
Additional Funds - 3 months ¹³¹¹	\$30,000	Cash or Check	As Arranged	Various Operating Cost
TOTAL START-UP COSTS (including additional funds 3 months)	\$147,660 \$47,960 - \$264,140 \$9,140 \$344,440			

* Unless otherwise stated, none of the expenses described in this chart are refundable.

Note 1. Initial Franchise Fee. The Initial Franchise Fee is due upon signing and is nonrefundable. We do not offer direct or indirect financing of the franchise fee or any other startup costs. The availability and terms of possible financing from third party sources will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The numbers included in this estimate do not include any finance charges, interest or debt service obligations or your living expenses.

Note 2. Branding Materials/Signage. You will be required to purchase marketing materials from us and you will also be required to procure PLAYlive Nation signage for the exterior facade of your location. We may require you to use a particular signage company to manufacture your sign.

Note 3. Lease Location. Typical locations are expected to be leased in local malls, hotels, Indian Reservations and airports. You should plan on ~~1,500 to 3,000~~ 2,000 to 3,000 square feet for your location. Rent will vary depending on the location in the city, and county in your state. Three months' rent is allocated in the "Additional Funds" column. Tenant build-out is variable based on space needs, previous tenant and general market conditions.

Note 4. Furniture, Fixtures and Electronic Equipment. You will be required to equip 19 to 30 gaming stations (depending on the size of your location) which will require per station the purchase of 40 to 42 inch flat screen television sets, recliner chairs, headsets, display shelving, reception desk and various interior lighting. Depending on the space you select for your location your build-out may be extensive or minimal. Leasehold Improvements and remodeling may be included as part of your lease package, and if not, landlords may finance all or part of the build-out in your monthly lease payment.

Note 5. Grand Opening Marketing. You will spend \$500 on grand opening marketing and promotion during two months of opening, 30 days prior to your official opening date and 30 days after official date of opening. You may spend additional amounts with our approval.

~~**Note 6. Point of Sale System.** You will be required to purchase a computer to run the Point of Sale System at your location. In addition, we will provide you with our proprietary Point of Sale System software at the monthly licensing fee of \$200 per month.~~

Note 76. Real Estate Security Deposits. Landlords typically require you to provide a security deposit equal to the rental rate. This is just an estimate; the security deposit could be more or less.

Note 87. Professional Fees. We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot fully estimate.

Note 98. Pre-Opening Travel and Living Expenses. We will provide our Initial Training Program to three individuals, being the Owners, General Manager, first manager or key personnel designated by Franchisee at no additional charge, but you must pay for your trainee's wages while attending training. We have developed webinars and on-line tutorials, which you and your employees can watch at your home or business.

Note 109. In Store Training Expenses. We will provide two trainers for post-opening training at your location for up to 21 days. You will be required to pay \$1,500 to \$2,500 for Franchisor's travel expense for on-site training including but not limited to travel and lodging.

Note 110. Insurance. We require insurance policies to be purchased through our Approved Insurance Agency Vendor that we have selected, which we may change from time to time. Your policy must meet the minimum standards and limits for certain types of required insurance coverage in our Manual or by other written notice to you. We may increase your insurance requirements during the term of the Franchise Agreement, and you must comply with the new requirements. The exact dollar amount of your insurance payment will be determined by the geographic location of your gaming lounge and the carrier that you use. Although we are unaware of specific instances where the initial costs of insurance have been higher, it is possible that your initial insurance costs would exceed the numbers in this Item 7. If you elect to serve beer or wine at your location, you will also need to purchase liquor liability insurance.

Note 121. Additional Funds - 3 Months. The amount estimates of additional funds for the initial phase of your business is to cover operating expenses, including maintenance, supplies, payroll, utilities, taxes, loan payments and other expenses during the first three months of operation to the extent that revenues do not cover business costs. The estimate of additional funds does not include an owner's salary or draw. The additional funds will vary by your area; how much you follow our methods or procedures, your management skill experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your services and products; the prevailing wage rate; competition and sales levels reached during the initial period. You must provide security deposits for utilities and rent (and possibly for other items). On average we used total estimated operating expenses for three months with no income offset. These figures are just estimates and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. We base our estimates upon our prior experience operating a similar outlet as a company store.

The Estimated Initial Investment includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of the Franchised Business. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Franchised Business. Your costs will depend on factors such as: how much you follow our methods and procedures;

your management skill, experience and business acumen; local economic conditions; the local market demand for your services; the prevailing wage rate; competition; and the sales level reached during the initial period.

YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT DEVELOPMENT AGREEMENT

The following chart provides an estimate of your initial investment to open first PLAYlive premium social gaming lounge and development fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Franchise Fee	\$45,000	Lump Sum	At Signing of 1 st Franchise Agreement	Us
Development Fee	\$26,500 - \$132,500	Lump Sum	At Signing of MUDA	Us
Other Expenditures for 1 st business	\$102,660 96 0 \$219,140 29 4,140 299,4 40	As Disclosed in Preceding Table	As Disclosed in Preceding Table	As Disclosed in Preceding Table
TOTAL	\$174,160 46 0 \$396,640 47 1,640 476, 940			

¹Franchise Fee. If you are entering a Multi-Unit Development Agreement to open additional franchises, the franchise fee for each unit you will develop is reduced to \$26,500. At the same time you acquire your development rights to open additional franchises; you sign a Franchise Agreement and pay the initial franchise fee of \$45,000 for the first franchise and being site selection for the development of your first PLAYlive Nation premium social gaming lounge. You will also sign a MUDA and pay the development fee (See Note 2). At the time when you are about to develop an additional franchise, you will sign the then-current Franchise Agreement for the operation of the franchise and pay the franchise fee. We will credit the payment of the development fee you have already paid for that franchise to your payment of the franchise fee so the payment due when signing the franchise agreement for the additional franchise unit will be the balance of the reduced franchise fee.

²Development Fee. The low figure is based on the assumption that you entered into a MUDA to open two PLAYlive Nation franchise units. To develop two PLAYlive Nation franchise units, you sign a Franchise Agreement and pay the initial franchise fee for the first franchise unit. (See Note 1) You also must sign the MUDA and pay the development fee of \$26,500 for the additional franchise units to be developed. The high figure in this category is based on the assumption that you enter into ~~aaa~~ MUDA to open six franchise units. To develop six franchise units, you sign a Franchise Agreement and pay a franchise fee for the first franchise unit that same as if you were developing two. (See Note 1) You also sign a MUDA and pay a development fee of \$132,500 (which is

5 x \$26,500) for five additional franchise units to be developed. We credit the payment of the development fee for an additional franchise to your payment of the franchise fee for the additional franchise at the time when the franchise fee for the additional franchise comes due. (See Note 1)

³Other Expenditures. The balance of your initial investment for the first franchise unit is categorized by costs in the table at the beginning of this ITEM 1. Your costs to develop the second and each additional franchise unit may be affected by factors, including inflation, local labor costs, materials costs and other factors not within our control.

ITEM 8 RESTRICTIONS ON SOURCE OF PRODUCTS AND SERVICES

You must purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising materials, and other supplies, products and materials required for the establishment and operation of your Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items, who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved for these items in writing by us and not then disapproved. We will furnish you with a list of approved suppliers for necessary items through our confidential Operations Manual (the “Manual”).

You are required to adhere to the standards and specifications established periodically by us with respect to your PLAYlive Nation business (referred to as the “Business” or “Franchise Business”), services offered, proprietary software used, signage, business procedures, customer service, your Website protocol, advertising, marketing, vendors and products to be used and/or offered through your Franchise, and other items for the operation of your Business. You must operate the Business in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. All products used and services offered to clients must be used and performed in accordance with our guidelines, specifications and procedures as specified in the Manual or other written materials.

You must not deviate from these standards and specifications by the use or offer of non-conforming products (if we authorize you to sell products in the future), supplies or services, without obtaining our written consent first. You are not permitted to offer any services that are not on our approved list of services or has not been approved by us; sell any product that is not on our approved list of products or that has not been approved by us, purchase items from an unapproved vendor and/or supplier; or use the services of an unapproved vendor, unless you first submit a written request to us for approval and agree to be responsible for all product and vendor assessment fees described in Item 6. We will use our best efforts to advise you within 30 days whether such services, products, vendors or suppliers are approved as further described in Item 8 below.

To maintain uniform quality standards all signage, advertising, trademark usage, trade dress, dress code, computers and services you use to operate the franchised business must meet our standards and specifications. In addition, you must participate in and cooperate with promotional programs, gift certificate or gift card programs we may establish and follow our requirements and guidelines. We will require you to use specific software, operational forms, contracts, checklists, advertising, marketing and promotional items.

We maintain specifications for the construction and build-out of your Business, leasehold improvements, storage, repair facility, furnishing, fixtures, computers, signage and décor to be used for the interior and exterior of your

Business. You may not install or permit to be installed on the Business premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications. These specifications may include minimum standards for quality, performance, delivery, safety, durability, appearance, size, color, design, material and other characteristics. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices to our franchisees. In most cases, the specifications involve confidential and proprietary information regarding the details of a particular item and the specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer and they may be modified periodically through periodic written notice to franchisees.

We base our specifications for products, supplies, vendor and supplier approvals on our discretionary determination of quality, accuracy of product claims, safety, value, prompt attention to complaints, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. A list of approved vendors and suppliers from whom products, supplies and services may be purchased will be provided to you and may be amended by us periodically. We have the right to disapprove supply sources from you. We may require vendors and/or suppliers to provide certain information in addition to signing a nondisclosure agreement and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. We may require third party ~~testing~~testing; in which case you will pay the actual cost of the tests in addition to the product and vendor assessment fee as described in Item 6. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to an adequate request to approve a product, vendor and/or supplier or service you wish to offer will be made within 30 days after we receive it, otherwise the request will be deemed disapproved. Approval may be revoked in our sole discretion. We will notify either by email or any form of communication of our revocation of any supplier approvals.

We and our affiliate are Approved Supplier of small printable items, such as business cards, party invitations, and small incidental products. We and our affiliate are not the sole Approved Supplier for such items.

We may derive income through markups of the prices charged to you for products, supplies, computers, software, signage or services we supply. We may derive revenue through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers. Because we are a new franchisor, we do not yet know the percentage of our total revenues that will come from your purchases or leases of required products, supplies or services. We do not know the precise basis of these payments because we have never previously collected them. If we require you to buy such items from us, we believe that the price and quality will be comparable to similar items from other sources and we may take a portion of that revenue to spend on advertising or place in a separate franchise advertising account. If we require you to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. We are not required to apply these funds to advertising or place them in a separate franchise advertising account, but will use our reasonable discretion in making such decision. As of the date of this disclosure document, we have not received any revenues or rebates purchased by franchisees in the prior fiscal year of ~~2017~~2018.

We may from time to time suggest prices to be charged by you that, in our judgment, would constitute good business practice. The integrity and goodwill developed in your business and the System may depend upon the sale of

products and services at competitive prices and that, therefore, we may specify from time to time, a maximum price for your products and services and you are required to comply with such directions from us concerning maximum prices. You are free to sell or allow to be sold all products and services for a price which is less than the applicable retail price suggested by us. The suggested retail price for products and services may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions.

You must sell the services and any products that are approved by us and which strictly conform to our specifications. All products and services approved by us must be offered for sale on a continuous basis at your location at the time and in the manner specified by us. No sale of any product or service except those products or services approved by us may be solicited, accepted or made at or from your Franchisees Business. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a particular product or service must be discontinued. Then this product or service is no longer an approved product or service.

Insurance. You must maintain the following insurance coverage: (1) comprehensive general and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractor's protective insurance coverage with a policy limit not less than \$2,000,000 general liability coverage (including personal injury), and not less than \$1,000,000 per occurrence for personal and bodily injury liability, not less than \$100,000 per occurrence for damage to rental premises, and not less than \$100,000 employment practice liability per claim; (2) products liability/completed operations insurance with a policy limit of not less than \$35,000 (3) business interruption insurance in respect of the Franchise Business with a policy limit not less than \$250,000 including equipment breakdown; (4) owned and non-owned vehicle liability insurance with a policy limit of not less than \$1,000,000 per occurrence / \$2,000,000 aggregate limit or such other amount as we may specify; (5) Tenant Improvement and Betterment policy for \$50,000. Your Landlord may require you to obtain additional insurance coverage according to the terms of your lease; (6) Cyber Liability policy for \$100,000 per claim; and (7) Workers Compensation or other employers liability insurance as well as any other insurance as may be required by statute or rule in the state in which your Franchisees Business is located (\$1,000,000 / \$1,000,000/ \$1,000,000); You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms.

We may increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name PLAYlive Nation, Inc. (and, if we request, our directors, employees or shareholders) as additional insured and must provide us with 30 days advance written notice of any material modification, cancellation or expiration of the policy. You must purchase your insurance coverage from the insurance carrier(s) that we designate. You must provide us with a Certificate of Insurance for each policy of insurance required by us and also provide us with a complete copy of the insurance policy.

When you decide to open a location for your franchise under a lease, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The landlord must agree that without its consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us.
2. The landlord must provide written notice to us (at the same time it gives such notice to you) of any default by you under the Lease and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the Lease as if the Lease

had been assigned by you to us.

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ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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.

FRANCHISEE'S OBLIGATIONS

<i>Obligation</i>	<i>Section/Article/ Exhibit in Agreement</i>	<i>Disclosure Document Item</i>
a. Site Selection and Acquisition Lease	Section 12(R) of Franchise Agreement	Items 7, 11 and 12
b. Pre-opening Purchases and Leases	Section 8 of Franchise Agreement	Item 8
c. Site Development Training and Other Pre-opening Requirements	Sections 8, 12(T) and 20(C) of Franchise Agreement	Item 11
d. Initial and On-going Training	Section 20(A)	Item 11
e. Opening	Sections 9(A), and 12(G) of Franchise Agreement	Item 11
f. Fees	Sections 9 and 10 of Franchise Agreement	Items 5, and 6 <u>and 7</u>
g. Compliance with Standards and Policies/Success System	Sections 12(A) and 12(H) of Franchise Agreement	Items 8, 11, and 16
h. Trademarks and Proprietary Information	Sections 15 and 16 of Franchise Agreement	Items 13 and 14
i. Restrictions on Products/Services Offered	Section 7(I) of Franchise Agreement	Item 8 <u>and 16</u>
j. Warranty and Customer Service Requirements	None	None
k. Territorial Development	Section 4 of Franchise Agreement	Item 12
l. Ongoing Products / Service Purchases	Section 12(I) of Franchise Agreement	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Sections 7(B) and 12(E) of Franchise Agreement	Item 11
n. Insurance	Section 8 of Franchise Agreement	Items 6 and 7
o. Advertising	Sections 10(B), 12(H), 12(I) and 12(M) of Franchise Agreement	Item 11
p. Indemnification	Section 18 of Franchise Agreement	Item 6

q. Owner's Participation/ Management/Staffing	Sections 12(F) and 12(K) of Franchise Agreement	Items 11 and 15
r. Records and Reports	Section 14 of Franchise Agreement	Item 6
s. Inspections and Audits	Sections 12(Q) and 14(B) of Franchise Agreement	Item 6
t. Transfer	Section 22 of Franchise Agreement	Item 17
u. Renewal	Section 7(B) of Franchise Agreement	Item 17
v. Post-termination Obligations	Section 24 of Franchise Agreement	Item 17
w. Non-competition Covenants	Section 19 of Franchise Agreement	Item 17
x. Dispute Resolution	Sections 25(C) and 25(D) of Franchise Agreement	Item 17
y. Other / Guarantee of Franchisee Obligation ¹	Schedule 7 of Franchise Agreement.	Item 17

Note 1. Each individual who owns a 5% or greater interest in a franchise that is a corporation or other business entity must sign an agreement not to compete (Schedule 10 of the Franchise Agreement) and a personal guarantee agreeing to discharge all obligations of the franchisee under the Franchise Agreement (Schedule 7).

ITEM 10 FINANCING

We do not offer direct or indirect financing to franchisees for any items. We do not guarantee your loans, leases, or other obligations.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.

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

(1) Pre-Opening Obligations

Before you open your PLAYlive Nation gaming lounge, we will:

(i) Designate your Territory (Franchise Agreement, Section 6.)

(A) Approve or disapprove a site for your PLAYlive Nation location. We do not currently own sites for leasing to you. You select the site for your franchise in your Territory. We approve or disapprove your proposed site (Franchise Agreement, Section 20(C)). We do offer, for an additional fee (the "Development Services Fee"), services to help you negotiate your lease financial structure and terms, and other lease needs. This service is an additional fee to the Lease Compliance Fee listed above.

(B) We have 30 days from your written proposal to approve or disapprove any site you propose. We disapprove sites in writing.

(C) When you are considering a site for your PLAYlive Nation Franchise we consider the following factors in approving sites: the size of your Territory; the market potential and estimated volume of your

business; the general location, neighborhood, and nearness of customers; Center visibility; co-tenants; attractiveness; size of the space; age and condition of the shopping center, mall or building; the location and convenience of the entrances; the availability of parking; the availability of location and necessary zoning; the location of competitors; expected overhead; lease terms; lease rate, and traffic patterns.

(D) You must open the Business for operation (the “Opening”) within one hundred and eighty (180) days of the date of execution of this Franchise Agreement. (Franchise Agreement, Section 12(G)). There is no refund of the Initial Franchise Fee (Franchise Agreement, Section 9(A)).

(E) Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. We do not lease your premises and then sublease it to you.

(i) Advise you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for the Business at the accepted location. You will be required to conform your business to local zoning ordinances, regulations, and fire, health and building codes. We may, if needed, review your architect’s final plan. It is your responsibility to comply with all laws, ordinances, and regulations, zoning and building codes for your Business (Franchise Agreement, Section 12(C)).

(ii) Provide you with written specifications for all computers, software, signage, furnishings and fixtures for your Business as listed in our Operations Manual. You are obligated to repair and maintain all computers and related software necessary for the operations of your Business. You will be responsible for these expenses as these expenses are necessary for the operation of your Business. We will deliver written specifications for all of the above items and you are responsible for installing these items. You are required to purchase the items listed below from us, our affiliates, or our approved vendors and/or suppliers and provide us with full and direct electronic access (at all times) to all of your computers (Franchise Agreement Sections 12(A), 12(I), 14(A), 20(A) and 20(H)).

Electronic Cash Registers or Computer Systems. Franchisees are required to purchase a Point of Sale (POS) equipment package from a third party vendor. The Franchisor and it’s owners do not receive any form of rebate. This package includes all hardware items required to run and operate our POS software as well as digital media being displayed in the store. Hardware included in the package: credit card reader, receipt printer, cash drawer, computer towers, computer peripherals, label printer, barcode scanner, and web-camera, wireless keyboards, monitors, and etc. The type of data that our POS software generates includes customer data (name, phone number, email), sales records/receipts, event and birthday-party records, employee account information and employee access logs, product and inventory information, and more. Data is stored on a private server hosted by Amazon’s AWS system and is backed up regularly. All POS transmissions are encrypted in both directions when sent out from stores to our main server. No customer card data or sensitive data is stored on any system including the server which hosts the web-based POS. Franchisor does not have independent access to the information generated and stored in the Franchisee’s POS computer. Each user has their own account with varying degrees of access to what they can do and change, depending on their role. The POS and media computers themselves are standard Window-based computers with restrictions in place that block users from installing applications or changing system settings. The cost of this hardware and installation package is \$4,130.

(iii) Provide you with a list of our approved vendors and suppliers for: products and supplies, signage, promotional, advertising and marketing materials in addition to other items you are authorized to offer and/or sell or use in your Business. We will train you on strategies for purchasing such products and supplies for your Business. You are responsible for the cost of these items as they are necessary for the operation of your Business (Franchise Agreement, Section 12(I), 20(A) and 20(H)).

(iv) Offer certain training programs designed to assist you and your business management staff in the operation of your Franchise. We may also provide continuing education to any new manager of your Franchise. We may require that you (or if you are a corporation, a limited liability company or partnership, then its officer or shareholder, member or managing partner) and any manager(s), or assistant manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section 20(A)).

(v) Provide an initial training program, no later than 30 days before the date your Franchise opens for business, designed to assist you and your management staff in the operation of your Franchise, at no additional charge. The initial training program is designated for two managers and one owner, managing partner or shareholder (a total of three individuals). If more than two managers and the owner, managing partner or shareholder attend the initial training, we may impose a training fee of \$300 per person for each day of training (Franchise Agreement, Section 20(A)).

(vi) Review and approve your Site Submittal Package before any lease for the premises is executed. Franchisor may assist Franchisee in the site selection process with Franchisor reserving the right of final consent to any location. If the Franchisor does not deny the site within thirty (30) days it shall be approved. Franchisor encourages but does not require Franchisee to use third party demographic information to help Franchisee evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances. Franchisor's final consent of the site is not a guarantee that a PLAYlive Nation Franchise can be successfully operated there. Franchisee is fully responsible for the selection of the site and accepts the risk associated with the site selection relative to the success of the franchise (Franchise Agreement, Section 20(C))

(vii) Approve or disapprove all signs, posters and displays in writing before installation or display. We do not deliver or install any of these items (Franchise Agreement, Section 12(J)). We have in the past, and may continue to receive, referral fees from vendors or suppliers at varied amounts and percentages.

(viii) Provide you with an individualized login and password to access the PLAYlive Nation System Website link for PLAYlive Nation franchises. ("PLAYlive Nation Gaming System") You must strictly comply with the requirements and provisions of the PLAYlive Nation Gaming System in operating your business. We can change the contents of the PLAYlive Nation Gaming System, and you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement (Franchise Agreement, Section 20(B)).

(ix) Sell you our proprietary products, (Franchise Agreement, Section 20(H)). We will make a profit on these items.

(x) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 20 business days of receipt. If we do not respond within 20 business days, the material is deemed disapproved (Franchise Agreement, Section 20(I)).

(xi) We only suggest prices for your products and services. Any schedule of prices contains only suggestions. You need not accept any of our advice about pricing, with the exception that we can set a minimum and maximum price for products or services. (Franchise Agreement, Sections 12(H) and 20(J))

(xii) Access to you during the term of the Franchise Agreement online use through a pass code of our confidential Operating Manuals, which may include one or more electronic manuals and other written materials (collectively, "the Operating Manual") for the operation of a PLAYlive Nation[™] business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the

Operating Manual to reflect changes in authorized services and products, as well as changes in specifications, standards and operating procedures of a PLAYlive Nation™ business. You must keep the Operating Manual confidential and current, and may not copy any part of the Operating Manual. The approximate total number of pages in the Operations Manual as of the date of this Disclosure Document is 146. The table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit F (Franchise Agreement, Section 20(G)).

(xiii) Provide up to two days of pre-opening/grand opening assistance to you and your staff at your location. (Franchise Agreement, Section 20(A)).

(xiv) Provide you with a Website that is specific to your Franchisee Business and that is constructed according to our specifications. We will host your Website on our portal. (Franchise Agreement, Section 20(B)).

(2) Opening Requirement

You must open your PLAYlive Nation location within 180 days from execution of the Franchise Agreement. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your location is four to six months. Factors affecting time to open ~~include:~~include obtaining a satisfactory location; attendance at and satisfactory completion of our Initial Training Program; arranging for any financing, construction, complying with local ordinances and permitting, completing delivery and installation of equipment and signs; and procuring opening inventory.

(3) During Operation of Franchise Obligations

During the operation of the franchised business, we will:

Continue to Educate and Consult with Franchisee.

(i) Continue to consult with you at no additional charge regarding standards, procedures, policies, software updates, sales, advertising and marketing strategies as well as provide assistance to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections 12(U) and 20(A)).

(ii) We will provide continuing education to any new manager of your business. We may require that you (or if you are a corporation, limited liability company, or partnership, a managing partner, managing member, member, or shareholder) and any manager(s), or assistant manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement. We will provide recommended procedures and standards for hiring employees.

Products, Supplies and Vendors.

(iii) Provide you with approved lists of products, supplies, vendors and suppliers for you to use in your Business. We will continue to provide you with updated and current approved lists of products you are allowed to use in your Business. We will provide you with such product and supply guidelines, but not the actual items and you are responsible for purchasing these items through our approved vendors. (Franchise Agreement, Sections 12(H), 12(I) and 20(H)).

(iv) Provide you with suggested fees for services and pricing for products. We will establish minimum and maximum fees for services and prices for products you can charge to the extent allowed by law. We will

continue to research new services and products for the System as we deem necessary (Franchise Agreement, Sections 12(H) and 20(J))

(v) Continue to sell you our proprietary products, (Franchise Agreement, Section 20(H)).

(vi) Review and approve or disapprove any service, product and/or vendor or supplier you wish to use in the operation of your Business. You are responsible for paying a product and vendor assessment fee (Franchise Agreement, Section 12(I)).

Advertising

(vii) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 20 business days of receipt. If we do not respond within 20 business days, the material is deemed disapproved (Franchise Agreement, Section 20(I)).

(viii) The National Advertising has not yet been established. When we establish our National Advertising, you will pay us 1% of Gross Revenues for the National Advertising contribution, paid to Franchisor, as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue. Contributions are due by the fifth day of the month, for the prior month and begin starting immediately after the opening date of your Business for operation then continues for the term of your franchise. Your business is deemed open for operation after the completion of the initial training program is completed and you have secured your location (Franchise Agreement, Section 10(B)).

(ix) Reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the 'Fund') to support ongoing technology and new product development to be made available to Franchisees, and such national advertising as we, in our sole discretion, may deem appropriate to promote the PLAYlive Nation™ name to benefit all Franchised Businesses as described in Item 6. But, we do not use any monies in the Fund to solicit new franchisees. We will direct all such programs and will have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department, or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section 10(B)). As of the effective date of this Disclosure Document, we have not establish the Fund.

(x) The contributions to the Fund will be accounted for separately from our other funds. The Fund will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new services, products, market research, technologies, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new services, products, supplies, advertising and marketing materials to be made available to all franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio and television and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all PLAYlive Nation™ Franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use. As of the date of this disclosure document, we have not collected any Fund contributions.

Local Advertising and Advertising Cooperative

(xi) We currently do not have any advertising cooperative and have no plans to form advertising cooperatives in the immediate future. If advertising cooperatives are formed, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on System Advertising Fund usage and advertising policies. We retain all operational and decision making authority concerning advertising, and the Advisory Council will serve only in an advisory capacity. The membership of any Franchise Advisory Council will be national in scope. The Advisory Council will not be separately incorporated, and therefore, it will not have any written documents. If one is formed we will have the power to select and approve the members and to form, change, dissolve or merge the Advisory Council as described below.

(xii) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. When the fund is established and activated, all PLAYlive Nation™ businesses owned by us or any of our shareholders or officers must contribute to the Fund in the same proportion as all franchisees.

(xiii) Any sites we own will vote in the same manner as franchisee members. We administer the fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the System Advertising Fund in any one year, and such funds may be accrued into the next year. The System Advertising Fund has not been established before the date of this Disclosure Document.

(xiv) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the System Advertising Fund.

(xv) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create a franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing

council will prepare annual unaudited financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee advisory council.

(xvi) Although [aan](#) advertising cooperative has not been established, you are required to invest into local advertising and promotion of your store on a monthly basis, see Item 7 for estimated cost, regardless of the 1% National Advertising contribution. You will pay your local advertising vendor directly. We may reduce the amount of your local advertising requirement after your second full year of operation, per our written approval and at our discretion. You will also spend money on “grand opening” promotion during two months of opening, 30 days prior to your official opening date and 30 days after official date of opening, which is in addition to fees paid under the local advertising program, see Item 7 for estimated cost. You must report your quarterly advertising expenditures to us by the fifth (5th) day after the end of each quarter, or at the times, on forms, and in a manner we determine.

(xvii) You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within 20 days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you may not need to follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

(xviii) Unless we approve otherwise in writing, you may not establish a separate Website and will only have one Web page, as we designate and approve, within our Website. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). You must comply with our requirements regarding trading, selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website for you (which we are not obligated to do), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our Website and other Websites.

Training and Key Personnel

(xix) We estimate that there will be an interval of no more than 180 days between the signing of the Franchise Agreement and the opening of your PLAYlive Nation™ business. Your Business is deemed open for operation after the initial training is completed and once you have secured and a retail space. You must open the Business for operation no later than 180 days after the signing of the Franchise Agreement. Factors that may affect this length of time ~~include:~~[include](#) obtaining your retail space that is approved by us for your PLAYlive Nation™ Franchise, satisfactory completion of our initial training program by you (or your managing partners, members or shareholders). You have no more than 180 days from the signing of this Agreement to acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your PLAYlive Nation™ business under the Franchise Agreement and to open your Business. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 15 days following receipt of this information and materials from you to approve or disapprove the proposed location of your PLAYlive Nation™ Franchise. If we do not approve a proposed location by written notice

to you within this 15 day period, the location will be deemed disapproved. Failure to open your Business and/or acquire or lease a location within the timeframes mentioned above, will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement.

(xx) Before the opening of your Franchise, yourself, any proposed manager and/or key personnel you designate are required to attend the 5-day franchise training program for a PLAYlive Nation™ at our corporate headquarters in Glendale, Arizona (unless such headquarters is moved) within 30 days of the date you anticipate opening your Business. We maintain a regular calendar for the training program and the trainings are held as needed. The training program is included in your Initial Franchise Fee. You are responsible for all costs associated with attending the program such as travel, room and board.

(xxi) If any proposed manager does not satisfactorily complete our training program, we will notify you, and you may then select and enroll a substitute manager in our training program. If, during the training program we determine, in our sole discretion, that you (or your managing partner or shareholder) is not qualified to manage a PLAYlive Nation™ Franchise, we have the right to terminate the Franchise Agreement.

(xxii) After the completion of our Training Program by you and your key personnel, we will provide training to any new manager or key staff member of your Business at your request for which an additional training fee of up to \$300 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. In addition, we have the right to require that you (or such managing member, member, managing partner or shareholder) and any manager(s), assistant manager(s) and staff complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters in Glendale, Arizona, at no charge. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room and board.

(xxiii) After the opening of your Franchise, we will provide to you and your personnel, access to information and support through franchise portals online. Support will also be available from our professionals, and we may provide continuing education sessions at locations designated by us but most likely at our headquarters. Continuing education sessions may have a registration charge to you which will not exceed more than \$300 per person per day plus our expenses. You are responsible for costs associated with you attending the meetings such as travel, room and board. The programs will normally not exceed a full day and we expect to at least have quarterly programs subject to special need. The content will cover particular aspects including but not limited to: sales and marketing techniques, changes industry developments, new services, product and service updates (including updated list of approved vendors and suppliers), updates to advertising and marketing materials, operational and customer service standards, sales and promotions, administration and so forth. We may conduct an annual convention at such place as shall be designated by us for all Franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The registration fee for conferences will not exceed \$500 per person. The fees charged above may be increased a reasonable amount based on reasonable criteria.

(xxiv) Within 30 days before the opening of your Business for business and after signing the Franchise Agreement, we will provide training for you as noted in the following training schedule. This training curriculum is fully detailed in the PLAYlive Nation™ Operations Manual and will change periodically. Our training team will include directors from our staff from the PLAYlive Nation™ corporate headquarters in Glendale, Arizona, members of our Website development team, members from our approved vendor, supplier and service providers.

Trademarks

(xxv) At our request, Franchisee shall refurbish the Business at its expense, to conform to Franchisor's design, trade dress, color schemes, and presentation of trademarks and service marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements which shall not exceed \$6,000, for each three year period, see Item 6. Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete the refurbishing of the Business.

TRAINING SCHEDULE: AT CORPORATE OFFICES

After you obtain your PLAYlive Nation Franchise location and at least 30 days before you commence operations, we will provide you with the Initial Training Program that you (if an individual) or your Business Manager (if you are an entity) must attend and successfully complete. In general, we require that a training class have a minimum of two participants. (Franchise Agreement, Section 20(A));

TRAINING PROGRAM

<i>Subject</i>	<i>Hours of Classroom Training</i>	<i>Hours of On-the-Job Training At Franchisees Location</i>	<i>Location Classroom Training</i>
Management Training	19	12	Online Webinars
Customer Experience Specialist Training	17	24	Online Webinars
Ownership Training	10	8	Online Webinars
Unique Subject Matter Training	8	2	Online Webinars
TOTAL	54	44	Online Webinars

We conduct the Initial Training Program as needed on-line through various webinars and other printed materials which include testing sessions to make sure you have mastered the training material. The instructional materials consist of the PLAYlive Nation University, Manual, checklists, demonstrations, practices and quizzes.

The minimum experience of the instructors in the field is relevant to the subject taught, and our operations are from 4 to 14 years. The corporate officer in charge of the training is Duncan Wood. Duncan Wood has over 11 years of experience in the consulting business industry. Mr. Wood serves in the capacity of President and Chief Executive Officer of PLAYlive Nation, Inc. and Manager of PLAYlive, LLC.

The Initial Training Program is mandatory for you (if the franchisee is an individual). The Initial Franchise Fee includes the cost of the Initial Training Program for three people, including you (if the franchisee is an individual) and your manager or other individual who will be personally involved in the franchise business. You and the manager or other appointed individual must successfully complete the program to our satisfaction.

Any Managers you appoint after the opening of your initial training must attend and successfully complete the program to our satisfaction. Your Manager will need to attend our next scheduled Initial Training Program at the charge of \$300 per day plus travel related expenses incurred by you. You should plan to attend the training as soon as practical after signing the Franchise Agreement, but you must complete prior to opening your Center.

You can request on-site training and/or assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it. When available the cost is \$300 per day plus travel costs.

We may periodically conduct an annual conference, convention or training session. The duration, curriculum and location would be as follows: two days in Glendale, Arizona, or any other location selected by Franchisor, covering topics including method and manner of operations, vendor presentations, corporate updates, recognition of franchise performance, and annual awards. You (if an individual) and your Manager must attend at least one annual conference, convention or training session per year.

You must pay all the expenses incurred by your trainees or attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, their salaries, transportation costs, meals, lodging and other living expenses (Franchise Agreement, Section 20(A)).

There are no required refresher courses currently; however Franchisor reserves the right to require refresher courses or new training to maintain its competitive edge and the changing market conditions.

ITEM 12 TERRITORY

We will grant you a Franchise and the use of our system at a specific location within an Exclusive Territory. The Exclusive Territory will consist of the franchise and surrounding trade area. The size of the trade area will be determined based on several factors including population and demographics. For a PLAYlive Nation Franchise, the term “Territory” shall be defined as an area that contains a minimum population of at least 30,000 people, as set forth in Section 6 of the Franchise Agreement. The specific address of the franchise location will be attached to the Franchise Agreement along with a map and a description of the trade area.

Your licensed Territory, is determined by population, business potential, traffic patterns, proximity to major roads, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a PLAYlive Nation™ business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once a location is chosen, and will not be altered even if there is a population increase or decrease. It will also not be affected by your sales volume or market penetration. Certain locations, such as major metropolitan areas may have smaller protected territories of densely populated areas. We must accept the location for your PLAYlive Nation™ business within your defined Territory in writing before you open for business.

Relocation of your Business or establishment of additional Businesses within your Territory requires our written acceptance. If you can no longer use the location due to circumstances beyond your control or fault, including underperforming market, fire, destruction of the premises or otherwise rendered unusable, or if the lease for the approved location expires or terminates through no fault of yours, you will be allowed to relocate either permanently or temporarily.

You must submit a separate application for each franchised business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and are in compliance with all of the terms and conditions of the Franchise Agreement. We must approve the location of any additional PLAYlive Nation™ Businesses as mentioned in Items 11 and 12 above.

The Territory described will affect where you and other franchisees may solicit business. You are prohibited from soliciting and marketing in general to clients by any means outside your respective Territory and must not

specifically engage in target marketing (“Target Marketing”) of clients within the Territory of another PLAYlive Nation™ franchise and/or company-owned business. Target Marketing means a concerted effort by a franchisee to solicit and obtain clients through any type of advertisement or marketing, directed at all or a portion of another franchisee’s Territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

You may provide services and sell products (if we authorize you to sell products) to clients who live outside your Territory even if such clients live within another franchisee’s territory so long as the services you provide and products being sold are from your Business within your defined Territory. In addition, we may allow you and other franchisees or company-owned businesses to offer services and products through alternative channels of distribution. If Franchisee is granted permission to offer services and/or sell products through an alternative channel of distribution, per our written approval, Franchisee may perform services and/or sell products to a client outside Franchisee’s Territory without compensation to the other franchisee or company-owned business. Our response to your request will be made within 30 days after we receive it, otherwise the request will be deemed disapproved. Approval may be revoked in our sole discretion. We, other franchisees and company-owned businesses reserve the same right to provide services and/or sell products to clients who may live within your defined Territory without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

- (1) Advertise, market and sell PLAYlive Nation™ branded and trademarked products in your Territory;
- (2) To advertise the services and products to promote the System through the Internet, World Wide Web and/or other similar venues no matter where the client is based to satisfy demand in your Territory;
- (3) Offer services and sell or distribute anywhere products to clients located anywhere through any alternative or other channels of distribution, such as retail businesses, expos or trade shows, Internet, catalog sales, and telemarketing, other than local sites providing services and products under the Marks and System. We have this right whether or not we are using the Marks or System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated in your Franchise Agreement;
- (4) Develop and distribute proprietary products that have been branded with our Mark or logo or different branded products through any outlet located anywhere regardless of its proximity to your Business (including, by way of illustration, retail distribution, catalog sales or over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to develop and distribute products, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;
- (5) Implement advertising cooperative programs which may allow us or others to solicit and offer services or sell products to clients anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located

outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and

- (7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with businesses located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your PLAYlive Nation™ Business) are converted to another format, maintained under the System or otherwise. Each PLAYlive Nation™ Business awarded to you will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of our services or products (if developed) by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the franchised business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to offer and provide services; sell or distribute products, through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established, and do not presently intend to establish, other Franchises or company-owned Businesses, except as disclosed in Item 1 of this Franchise Disclosure Document, that offers similar services under a trade name or trademark different from PLAYlive Nation™ Marks.

You may not relocate the PLAYlive Nation franchise without our written approval, and that may be denied in our sole discretion.

We may consider granting you the right to establish additional locations if you are in compliance with the Franchise Agreement and the provisions of the PLAYlive Nation System, and you propose to open the franchise in areas and at sites which we approve, but we have no obligation to do so. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is PLAYlive Nation™ along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks, taglines and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The word mark “PLAYlive Nation” was registered on the principal register of the United States Patent and Trademark Office (referred to as “USPTO”) on December 10, 2013 (Registration Number 4449142). The word mark is owned by ~~PLAYlive, LLC~~. PLAYlive Nation, Inc. ~~licenses the Mark from PLAYlive, LLC.~~

~~Our affiliate PLAYlive, LLC has also filed~~ PLAYlive Nation, Inc. also owns three additional marks which are registered or have been placed on the Supplemental Register with the USPTO, which are the standard character mark “PLAYlive” serial number 86616692, which is on the Supplemental Register, the PLAYlive design plus words was placed on the principal register on April 5, 2016, registration number 4930921, and PLAYlive Nation design plus words which was registered on the principal register on March 29, 2016, under registration number 4925572.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. All required affidavits have been filed.

We believe that there are no other agreements currently in effect that significantly limit our rights to use or license others to use Marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or participate in your defense, protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

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.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signage from your Business, and to purchase and install new signage. We have no liability to you.

There are no infringing uses actually known to us as of the Effective Date of this Disclosure Document that could materially affect your use of the Mark in ~~the State of Arizona or in~~ any ~~other~~ state. You should understand that there may be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with the offering of services and selling products; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; and (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you as provided in Item 12.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the Marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Franchise by placing your name on the Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A Franchise of PLAYlive NationTM" or such other phrase as we occasionally direct.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights, or pending patent applications which are material to this franchise; however we claim common law copyright and trade secret protection for several aspects of our PLAYlive Nation System, methods, techniques, services, software, point-of-sale-system, operational procedures, products, design, décor, signage, manuals and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. If we register any of our copyrighted materials with the United States Copyright Office, we intend to renew such registrations if we are still using that specific material. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement and Operating Manuals. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. There are currently no patents that are material to this franchise.

We consider much of the information contained in the Manual and in our PLAYlive Nation System concerning our marketing methods and business system to be confidential. The Franchise Agreement contains noncompetition and confidentiality provisions. In addition, your employees must sign noncompetition and confidentiality agreements regarding the Manuals contents.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in any state. Any required changes to our copyrights shall not terminate this Franchise Agreement and this Franchise Agreement shall remain in full force and effect regardless of whether or not either party is required to change or modify any copyright information.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets, or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors, develop any service, product, program, concept, technique, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, product, program, concept, technique, method, process or improvement that we implement throughout the System. You and your managing partners, managing members, members, or shareholders acknowledge that any such service, product, program, concept, technique, method, process or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

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 your Business during the term of your 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 your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic 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 disclosures to employees of your Franchise and any other business(es) owned by you and if you are an Entity, any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your employees and Owners.

We have the right to control any administrative proceedings or litigation involving a copyright licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the copyrights, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the copyrights. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the copyrights in violation of the Franchise Agreement.

If you learn that any third party, whom you believe is not authorized to use the copyright, is using it, you must promptly notify us. We will determine whether we wish to take any action against the third party, but the Franchise Agreement does not require us to do so. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement. Our duty to defend any copyright infringement is contingent upon Franchisee's agreement to modify the infringing copyright. Any continued use by you after we have given you written notice will negate our obligation to defend you.

You may never, during your Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information and trade secrets to another person or use it for any other person or business except as authorized under your Franchise Agreement. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality/Non-Competition Agreement (Schedule 10 to the Franchise Agreement).

You 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 your Franchise Agreement; 3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic 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 disclosures to employees of your Franchise and any other business(es) owned by you and any partners and the use of nondisclosure and noncompetition clauses in employment agreements with such persons.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement provides that a PLAYlive Nation™ Franchise must at all times be under your direct, day-to-day, full time supervision (or if you are an entity then a managing owner of such entity, approved by us) or a non-owner manager of your Business who is approved by us. This person must have successfully completed our training program.

You (or your managing owner if you are an entity or non-owner manager) must use his or her best efforts in the operation of the PLAYlive Nation™ Business.

You are required to retain a manager ("General Manager") for the operation and management of your PLAYlive

Nation™ Business. The General Manager may, but need not, be you or one of the owners of the Business if you are an entity. The General Manager must meet all of our standards and criteria for such positions as set forth in the Operations Manual. The General Manager need not have any set percentage of the equity of the franchised business. These individuals must also satisfy the applicable training requirements as outlined in the Franchise Agreement (Franchise Agreement, Sections 12(T) and 20(A)).

Each of your employees, service providers, agents, members, principals and affiliates must sign a confidentiality agreement containing substantially the same protections as provided in the form agreement contained in the Operations Manual (although you are responsible for ensuring its adequacy and enforceability under local law). Our approval of a General Manager other than you is conditioned upon the General Manager entering into a confidentiality and restriction of like business agreement containing covenants like those contained in the Franchise Agreement and Schedule 10 of the Franchise Agreement against engaging in competing businesses and use/disclosure of our confidential business information during the tenure of employment with you and for a period of two years following employment by you. You will provide us with copies of the same upon request.

You may not employ any individual who is at the time or was at any time during the prior six months employed in a managerial or administrative position by us or any of our affiliates or by another franchisee of ours without the prior written consent of us. As a condition to such consent, you may be required to compensate the former employer for the actual costs and expenses incurred by the employer in connection with the training of any replacement employee.

If you are a corporation, limited liability company, or partnership, each shareholder, member, or partner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and noncompetition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 7 of the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services, which are, or may become part of, the PLAYlive Nation System, and all services and products we may incorporate now or in the future, into the PLAYlive Nation System. You may not use the name or Trademarks for any other business. You may not conduct any other business from your franchise business location without our prior written consent.

We may add to, delete from, or modify the products and services which you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement.

You must comply with all of our standards and specifications relating to providing services, the purchase and sale of products, supplies, computers, software, furniture, fixtures, décor items, signage, printed advertising materials and other products to be used or sold at the Business (See Item 8).

You are required to offer only the approved services or products as specified by us which may include: controller and console modifications, controller and console accessories, t-shirts, and other gaming accessories as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must offer only the services that we have expressly approved in writing. You must also purchase from Franchisor or any approved vendor of Franchisor all repair equipment, replacement parts, tools, accessories

and miscellaneous items (“Service Department Items”). You must not deviate from our standards and specifications without first obtaining our written consent. You may only sell PLAYlive Nation products and services at retail, and you may not engage in the wholesale sale and/or distribution of any product, service, equipment or other component.

You must participate in all gift certificate or gift card programs we establish. You may not create or issue your own gift certificates or cards unless otherwise approved by us.

You must maintain proper permits and licenses to operate a PLAYlive Nation™ Business and perform services in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation.

You may directly advertise to offer services and sell products to clients located within your Territory. We place no restrictions upon your ability to offer services to clients who live in other geographical areas outside your Territory.

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ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term.	Section 7(A) of the Franchise Agreement	The term for the PLAYlive Nation Franchise shall be for ten (10) years.
b. Renewal or extension of the term.	Section 7(B) of the Franchise Agreement	Ten (10) year renewal terms if you meet certain term requirements.
c. Requirements for Franchise to Renew or Extend	Section 7(B) of the Franchise Agreement	You must: a. Be in full compliance with your current agreement. b. Have satisfied all monetary obligations. c. Update your PLAYlive Nation location to current standards in the current Franchise Agreement and Operating Agreement. d. Comply with Franchisor's then-current qualifications and training requirements. e. Renew your PLAYlive Nation lease. f. Pay us a renewal fee, see Item 6, for a PLAYlive Nation Franchise. g. Sign the then current General Release form prescribed by Franchisor. h. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of the Territory will remain the same, and the Continuing Royalty on renewal will not be greater than the Continuing Royalty that we then impose on similarly-situated renewing franchisees.

d. Termination by Franchisee.	Section 23(D) of the Franchise Agreement.	a. You may terminate your Franchise Agreement upon our mutual, written agreement. b. We consider non-payment of fees after opportunity to cure to be your decision to terminate the Franchise Agreement.
e. Termination by franchisor without cause.	None.	We cannot terminate your franchise without cause.
f. Termination by Franchisor without to cure.	Sections 23(C) of the Franchise Agreement.	We can terminate if you breach a material provision of the Franchise Agreement or fail to open the business.
g. Cause Defined-Curable Defaults.	Section 23(B) of the Franchise Agreement.	You have thirty (30) days to cure, if you do not comply with any Franchise Agreement provision including any cross-default from other multi-unit development agreement. (Except for non-curable defaults listed in Franchise Agreement and described in Section h. below).
h. "Cause Defined"-non-curable Defaults.	Section 23(B) of the Franchise Agreement.	Automatic, without notice: bankruptcy; insolvency; receivership; dissolution or levy; abandonment; knowingly not reporting income or inaccurate income; violation of the transfer provisions; defaults in a material obligation twice in 12 months; defaults in obligation to permit Franchisor to examine Franchisee books; re-identifies Center under another name or mark.
i. Franchisees Obligations on Termination/Nonrenewal.	Section 14 of the Franchise Agreement.	a. Pay all you owe to us, affiliates and third parties. b. Stop using our Trademarks, confidential information and trade secrets, and the Success System. c. Cancel assumed name registration which contains our Trademarks.

		d. Return to us all confidential information. e. Stop using telephone numbers listed in directories using our Trademarks. Assign all telephone numbers. f. De-identify (de-brand) the location. g. Dispose of stationary and letterhead. h. Stop advertising. i. Comply with non-compete, non-disclosure, non-disparagement agreements. j. Refrain from indicating prior association with Franchisor. k. Return all confidential information, trade secrets, copyrighted information, and training materials. l. Remove all signs carrying the Franchisors Marks. m. Cease use of the PLAYlive Nation Website; access login and password will be revoked immediately. n. Honor Franchisor's right to purchase inventory, equipment and furnishings.
j. Assignment of Contract by Franchisor.	Section 22(C) of the Franchise Agreement.	No restrictions on our right to assign.
k. "Transfer" by Franchisee-Definition.	Section 22(B) of the Franchise Agreement.	Any assignment, transfer, sub-franchised, sub-licensed, sale of Agreement, sale of substantially all of the assets or of rights and privileges of the franchise.
l. Franchisor's Approval of Transfer by Franchisee.	Sections 22(C) and 22(E) of the Franchise Agreement.	No transfer without written approval and subject to right of first refusal by franchisor.
m. Conditions for Franchisor Approval of Transfer.	Section 22(B) of the Franchise Agreement.	a. Transferee must apply to us and demonstrate qualifications necessary to conduct business, including financial resources.

		b. Transferee and proposed Manager must successfully complete Initial Training Program at transferee's expense. c. You must pay us a transfer fee of \$10,000 for a PLAYlive Nation Franchise. d. You must have cured all defaults and paid all you owe us and affiliates. e. Transferee must sign new franchise agreement which may contain different terms. Term of new franchise agreement expires on expiration date of your Franchise Agreement. f. Signing of guarantees by transferee. g. You and owners must sign a General Release h. Signing of required confidentiality/non-competition agreements. i. You must give us a copy of proposed assignment contract. We must approve it, and you must give us a copy of signed contract. j. Assignee must agree to assume all obligations of Franchisee.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business.	Sections 22(C) and 22(E) of the Franchise Agreement.	We have the right to match any offer to purchase your business.
o. Our Option to Purchase Your Assets Upon Termination or Non-renewal.	Section 24(G) of the Franchise Agreement.	Purchase for fair market value determined by appraisal if parties are unable to agree.
p. Death or Disability of Franchisee.	Section 22(D) of the Franchise Agreement.	Franchise must be assigned to approve buyer within 6 months.
q. Non-Competition Covenants During the Term of the Franchise	Section 19(C) of the Franchise Agreement.	No involvement in competing business anywhere in the United States other than the existing business.
r. Non-competition Covenants After the Franchise is Terminated or Expires.	Sections 19(B) and 19(C) of the Franchise Agreement.	No competing business for 2 years or within 25 miles of your Territory or any other PLAYlive Nation.

s. Modification of the Agreement.	Section 25(J) of the Franchise Agreement.	No Modifications except by written agreement, Operations manuals are subject to change.
t. Integration/Merger Clause.	Section 25(K) of the Franchise Agreement.	Only terms of the Franchise Disclosure Document and Franchise Agreement are binding (subject to applicable state law). Notwithstanding the prior sentence nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document.
u. Dispute Resolution by Arbitration or Mediation.	Sections 25(C) and 25(D) of the Franchise Agreement.	Mediation and arbitration in Maricopa County, State of Arizona (subject to state law)
v. Choice of forum.	Section 25(G) of the Franchise Agreement.	Maricopa County, Arizona (subject to state law)
w. Choice of law.	Section 25(G) of the Franchise Agreement.	State of Arizona law apply (unless prohibited by laws of state where franchise is located)

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ITEM 18 PUBLIC FIGURES

We do not use, directly, or indirectly, a public figure in the promotion of PLAYlive Nation.

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 franchise-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 the possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchise'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 our management by contacting Duncan Wood: 17235 North 75th Avenue, Suite ~~E-120F-115~~, Glendale, AZ 85308 (360) 539-8667, the Federal Trade Commission, and appropriate state regulatory agencies.

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System Wide Outlet Summary
For Fiscal Years 2016 thru 2018

<i>Outlet Type</i>	<i>Year</i>	<i>Outlets at the Start of the Year</i>	<i>Outlets at the End of the Year</i>	<i>Net Change</i>
Franchised	2016	13	21	+8
	2017	21	37	+16
	2018	37	46	+9
Company Owned¹	2016	1	0	-1
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	14	21	+7
	2017	21	37	+16
	2018	37	46	+9

Note 1: The company-owned outlet was owned by our affiliate, PLAYlive, LLC. In 2016, PLAYlive, LLC sold the only company-owned outlet and is now part of the Franchise System. As of this Disclosure Document there are no company-owned outlets.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Fiscal Years 2016 thru 2018

<i>States with one or more Franchises</i>	<i>Year</i>	<i>Number of Transfers</i>
Washington	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2016 thru 2018

<i>State</i>	<i>Year</i>	<i>Outlets at the Start of the Year</i>	<i>Outlets Opened</i>	<i>Outlets Required by Franchisees</i>	<i>Outlets Closed</i>	<i>Outlets Sold to Franchisees</i>	<i>Outlets at the End of the Year</i>
Alabama	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Arizona	2016	0	0	0	0	0	0
	2017	0	2	0	0	0	2
	2018	2	0	0	0	0	2
California	2016	0	4	0	0	0	4
	2017	4	4	0	0	0	8
	2018	8	6	0	0	0	14
Florida	2016	0	2	0	0	0	2
	2017	2	1	0	0	0	3
	2018	3	0	0	0	0	3
Idaho	2016	2	0	0	0	0	2
	2017	2	1	0	0	0	3
	2018	3	0	0	0	0	3
Louisiana	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Maryland	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	1	0	0	0	1
Michigan	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
	2018	1	0	0	0	0	1
Mississippi	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
	2018	1	0	0	0	0	1
Montana	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Oregon	2016	1	0	0	0	0	1
	2017	1	2	0	0	0	3
	2018	3	0	0	1	0	2

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2016 thru 2018
Continuation

<i>State</i>	<i>Year</i>	<i>Outlets at the Start of the Year</i>	<i>Outlets Opened</i>	<i>Outlets Required by Franchisees</i>	<i>Outlets Closed</i>	<i>Outlets Sold to Franchisees</i>	<i>Outlets at the End of the Year</i>
South Carolina	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	1	0	0	0	1
Texas	2016	0	0	0	0	0	0
	2017	0	3	0	0	0	3
	2018	3	3	0	0	0	6
Washington	2016	10	1	0	0	0	11
	2017	11	1	0	0	0	12
	2018	12	0	0	1	0	11
Total	2016	13	8	0	0	0	21
	2017	21	16	0	0	0	37
	2018	37	11	0	2	0	46

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years 2016 thru 2018

<i>State (with one or more franchise)</i>	<i>Year</i>	<i>Outlets at the Start of the Year</i>	<i>Outlets Open</i>	<i>Outlets Required by Franchisees</i>	<i>Outlets Closed</i>	<i>Outlets Sold to Franchisees</i>	<i>Outlets at the End of the Year</i>
Washington	2016	1	0	0	0	1	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Total	2016	1	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2019

<i>State with One or More Franchise(s)</i>	<i>Franchise Agreement Signed But Not Opened</i>	<i>Projected New Franchised Outlets in the Next Fiscal Year (2019)</i>	<i>Projected New Company-Owned Outlets in the Current Fiscal Year</i>
Alabama	0	0	0
Arizona	0	0	0
California	3	3	0
Florida	0	0	0
Georgia	1	1	0
Idaho	0	0	0
Louisiana Louisiana	1	0	0
Michigan	0	0	0
Mississippi	0	0	0
Missouri	1	1	0
Montana	0	0	0
Ohio	1	1	0
Oregon	0	0	0
Texas	3	2	0
Utah	1	1	0
Washington	1	0	0
TOTAL	12	9	0

Company-owned Outlet¹ includes the non-franchised Business in Olympia, Washington owned and operated by our founder Duncan Wood. The company-owned outlet was sold in June 2016 and is now a part of the Franchise System.

Current Franchisee Contact Information

Attached as Exhibit G to this disclosure document is a list of the names, addresses and telephone numbers of our current franchisees as of December 31, 2018.

Former Franchisees Contact Information

Attached is Exhibit H to this disclosure document is a list of names, addresses and telephone numbers of franchisees who have had an outlet terminated, cancels, not renewed or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or who has communicated with us within 10 weeks of the disclosure document issuance date.

There is one franchisee within 10 weeks as of the date of this Franchise Disclosure document that has terminated to do business under the Franchise Agreement.

If you buy this franchise, your contact information may be disclosed to other byers when you leave the franchise system.

Confidentiality Clauses

There has been no Franchisees that has signed confidentiality clauses in the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the PLAYlive Nation franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations

We are not aware of any trademark specific franchise organizations associated with the franchise system, which are required to be disclosed in this Franchise Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2018, December 31, 2017, and December 31, 2016, are attached to this disclosure document as attached as Exhibit E. [An unaudited profit and loss statement and balance sheet through June 30, 2019.](#)

Our fiscal year end is December 31.

ITEM 22 CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in the Exhibits that follow: These include our Franchise Agreement and all exhibits to it (Franchised Territory; Lease Assignment Agreement, Software License Agreement; Confidentiality/Non-Competition Agreement, Releases, Multi-Unit Agreement) and General Release Form (Sample).

ITEM 23 RECEIPTS

You will find two (2) copies of the detachable Acknowledgment of Receipt in Exhibit K at the very end of this Disclosure Document.

EXHIBIT A

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT



Contract No.:	
State:	
Effective Date:	

FRANCHISE AGREEMENT

Between

PLAYlive Nation, Inc.

17235 North 75th Avenue, Suite ~~E-120~~F-115

Glendale, AZ 85308

Direct (360) 539-8667

Email: info@playlivenation.com

Web: www.playlivenation.com

and

PLAYlive Nation, Inc.
FRANCHISE AGREEMENT
SUMMARY PAGES

**FRANCHISE AGREEMENT
CONTROL NUMBER:**

Term: 10 Years
Renewal: 10 Year Increments

DATE OF SIGNING:

EFFECTIVE DATE:

FRANCHISEE

CORPORATE NAME:

ADDRESS FOR NOTICES

TELEPHONE NUMBER (PRIMARY):

TELEPHONE NUMBER (ALTERNATE):

FACSIMILE NUMBER:

EMAIL ADDRESS (PRIMARY):

EMAIL ADDRESS (SECONDARY):

FRANCHISE LOCATION/TERRITORY:
(Single Unit or 1st Location)

CONTROL DATE FOR LOCATION:

TARGET OPENING DATE:

MULTI-UNIT DEVELOPER:

YES ____ NO ____

FRANCHISE LOCATION/TERRITORY

Unit 2

Unit 3

Unit 4

Unit 5

Unit 6

**TARGET OPENING DATE
(FIRST LOCATION):**

INITIAL FRANCHISE FEE:

☐ \$45,000, payable upon execution of this Franchise Agreement

MULTI-UNIT DEVELOPMENT FEE:

☐ ____ Units x \$26,500 = \$_____, payable upon execution of Multi-Unit Development Agreement

WEBSITE MAINTENANCE, GRAPHIC & PROMOTION FEE:

\$45 to \$85 per hour (or current market rates)

POINT-OF-SALE SOFTWARE LICENSING:

\$200 per month (payable on the 5th of each month)

GRAND OPENING EXPENDITURE:

\$500 minimum (30 days prior to your official opening date and 30 days after your official opening date)

NATIONAL MARKETING FEE:

1% of Gross Revenues (payable on the 5th of each month)

LOCAL ADVERTISING REQUIREMENT:

\$200 per month

ROYALTY FEE:

6% of Gross Revenue with a minimum of \$600 for years one and two, whichever is greater and \$800 minimum for years three through 10 or 6% whichever is greater; payable on the 5th of each month

POINT-OF SALE LICENSE FEE:

\$200 per month; payable on the 5th of each month

RENEWAL FEE:

\$5,000 (payable at execution of the renewal agreement)

TRANSFER FEE:

\$10,000 payable prior to approval of the transfer

VENDOR ASSESSMENT FEE:

\$250 single product assessment; Franchisor may waive fees

LEASE COMPLIANCE FEE:

\$1,5200 per Lease review (Approved Vendor)

DEVELOPMENT SERVICES FEE:

\$2,500 per Location

TRAINING:

Initial training for 3 individuals is included in initial franchise fee; additional attendees for initial training program is \$300 per person per day; Free opening assistance for up to 21 days and telephone support assistance

INSURANCE POLICY:

Rating A or higher insurance carrier:

General Comprehensive Liability Insurance minimum policy limited of \$1,000,000 per occurrence and \$2,000,000 aggregate (policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000;

Property & Casualty Insurance with a minimum policy limit of \$1,000,000;

All Risk or Special Form insurance (coverage for full cost of replacement of premises and all other property);

Business Interruption Insurance to fully insure loss of earnings for a period of a minimum of 180 days (which shall pay royalties, advertising fees and POS license fee) not less than \$250,000;

Workers' Compensation insurance with limits of greater than \$1,000,000 / \$1,000,000 / \$1,000,000 or the minimum limits required by law;

Cyber Liability policy for \$100,000 per claim;

All policies must add PLAYlive Nation, Inc. as additional insured.

FRANCHISOR

ADDRESS FOR NOTICES:

PLAYlive Nation, Inc.
17235 North 75th Avenue, Suite ~~E-120~~F-115
Glendale, AZ 85308
Attn: President

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SCHEDULE

- 1 AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT
- 2 SOFTWARE LICENSE AGREEMENT
- 3 PRE-EXISTING BUSINESSES
- 4 EXECUTIVE ORDER 13224 AND RELATED CERTIFICATION
- 5 ADA & RELATED CERTIFICATIONS
- 6 ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESS AND URL'S AND
SPECIAL POWER OF ATTORNEY
- 7 FRANCHISE AGREEMENT; INDIVIDUAL GUARANTY
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- 9 STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS
- 10 CONFIDENTIALITY AND NON-COMPETE AGREEMENT

EXHIBITS

- A MARYLAND ADDENDUM TO FRANCHISE AGREEMENT
- B WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

PLAYLIVE NATION, INC. FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made by and between PLAYlive Nation, Inc., a ~~Washington-Delaware~~ state corporation, hereinafter sometimes referred to as "PLAYlive" or "Franchisor" and that party or parties described as the Franchisee in the first two pages of this Agreement and on the signature line, hereinafter known as "you" or "Franchisee." For ease of reference, PLAYlive Nation, Inc. will also be referred to as "we", "us" or "our" in this Agreement. The persons signing as Franchisee or Guarantors will also be referenced to herein individually as "you" or "yours" or collectively as "Franchisee." The parties hereto are entering into this Agreement to evidence the agreement and understanding between the parties as follows:

RECITALS

WHEREAS, Franchisor has the right to license a system or business program, including expertise for conducting and operating a business under the mark and design PLAYlive Nation™; and

WHEREAS, Franchisor the exclusive owner of its certain trade names, trademarks, logos, tag lines, service marks and other property in connection with the operation of a PLAYlive Nation™ Business has developed expertise (including confidential information) and a unique, distinctive and comprehensive system (the "PLAYlive System") for the establishment and operation of a PLAYlive Nation premium social gaming lounge business; and

WHEREAS, subject to the terms and conditions of this Agreement, Franchisor authorizes for use by Franchisee, the PLAYlive Nation™ trade name(s), mark(s) and the stylized logo, emblems for the operation of a PLAYlive premium social gaming lounge business that offers customers digital and tabletop gaming, gaming oriented merchandise, buy-sell trade and services (hereinafter referred to as "Gaming Services") to the public in unique and immersive atmosphere at any PLAYlive Nation™ franchised location (hereinafter referred to as the "Franchise" or "Business"); and

WHEREAS, we identify our the PLAYlive System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the marks "**PLAYlive Nation**" and such other trade names, service marks, trademarks and trade dress as are now designated (or may be designated hereafter by Franchisor in writing) for use in connection with our PLAYlive System (referred to as "Names and Marks", "Names" or "Marks"); and

WHEREAS, Franchisor continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under the PLAYlive System, and to represent the System's high standards of consistent quality, appearance, and service; and

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and The PLAYlive System; and

WHEREAS, Franchisee desires to obtain a franchise from Franchisor for the right to use the Names and Marks and the expertise for operating a PLAYlive Nation™ franchised business, and to obtain the benefits and knowledge of Franchisor's The PLAYlive System including, but without limitation, methods and strategies; operational procedures, sales techniques and methods; build-out specifications, rates and pricing schedules, employee hiring and retention, advertising, marketing and sales materials, bookkeeping, financing and accounting methods; and in general a style, method and procedure of business operation utilizing the Names and Marks and The PLAYlive System, all as a Franchisee of Franchisor; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service and the necessity of operating the Business in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and if you are an "Entity" such as a limited liability company, a partnership, corporation or other type of entity then each owner "Owner" shall mean those holding any type of ownership interest in the Entity) hereby represents that Franchisee has conducted an independent investigation of the Franchisor's business and The PLAYlive System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, sales, revenues, or success of the business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney. Except as otherwise provided under applicable state law or regulation, Franchisee hereby releases Franchisor, any owners of a direct or indirect interest in Franchisor, all employees of Franchisor, its affiliated companies and all agents of Franchisor from liability based on any such warranties, guarantees, representations or agreements, to the extent permitted by law.

The Franchisee acknowledges that Franchisor has not made, and does not hereby make, any representation or warranty as to potential revenues, income, profits, sales, revenues, volume or success of the Franchise or merchantability, performance, condition, fitness or suitability for the Franchisee's purposes of any component of the PLAYlive System, or make any other representation or warranty with respect to the PLAYlive System. Franchisor shall not be liable to the Franchisee for, nor shall the Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the PLAYlive System, or any Services, or by an inadequacy of the PLAYlive System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the PLAYlive System, or any loss of business, profits, consequential or other damage of any nature.

2. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received, read, and understood this Agreement, including the Franchise Disclosure Document, Exhibits, Schedules, and attachments thereto. Franchisee further acknowledges that Franchisor has provided Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, attachments or schedules ("Schedules") referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document if any, at least 14 calendar days prior to the date on which this Agreement was executed and any money paid for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, Exhibits, Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of Franchisor to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by Franchisor or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by Franchisor. The only representations, warranties and obligations of Franchisor are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained in the Franchise Disclosure Document and this Agreement.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee and have made no representation that it will buy back from Franchisee any products, supplies, furnishings, fixtures or equipment purchased by Franchisee in connection with the Business, except where the Franchisor is otherwise required by law or regulation to buy back products, supplies, furnishings, fixtures and equipment upon expiration or termination of this Agreement.

3. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

We do not make or present and have not prepared Financial Performance Representations and have not made them as an exhibit to the Franchise Disclosure Document.

Franchisee, and each party executing this document hereto, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor has made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "Financial Performance Representations"), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

4. RELATIONSHIP OF THE PARTIES

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from the Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. The Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its employees.

B. Franchisor Is Not In a Fiduciary Relationship With Franchisee

It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, the Franchisor shall not have any fiduciary relationship to the Franchisee by virtue of the facts that the Franchisor may operate a System Advertising Fund (as defined in Section 10(B) of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall Franchisor be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim, liability or judgment arising therefrom against the Franchisee or Franchisor.

The Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, such documents do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section 12(F)). Notwithstanding the above, Franchisor shall have the right to right to direct Franchisee on the number of employees and hours appropriated to staff to assist Franchisee in maximizing profitability. Franchisor also has the right to direct Franchisee to terminate the employment of an employee which in Franchisor's sole discretion is detrimental to the image, operations, customer service or any other aspect of Franchisee's business or the operation of Franchisor. If Franchisee is directed to terminate the employment of an employee such termination shall occur within 48 hours.

5. **FRANCHISE GRANT**

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein, to operate a Business that has been assigned a protected territory as set forth in Section 6 (referred to as the "Territory"), with the right to use solely in connection therewith the Franchisor's Names and Marks, Services, its advertising and merchandising methods, and Franchisor's The PLAYlive System, as they may be changed, improved and further developed from time to time only at the Accepted Location as set forth in Section 6 and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this franchise includes no right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a PLAYlive Nation™ Franchise, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

[The remainder of this page is intentionally left blank]

6. TERRITORY

The Franchise Location (referred to as the "Center") shall be within the State of _____ in the county of _____. If the actual Franchise Business address has not been chosen, the initial protected territory will be defined from the following crossroads: _____ and _____. The final protected territory will be defined from the actual Franchise Business address once chosen.

The exact "Accepted Location" for your Center is:

If the parties do not select a Territory prior to the signing of this Franchise Agreement, then they shall agree to it at a later date, under the terms of this Agreement. Failure to agree on a Territory and start the Business within one hundred and eighty days (180) days of execution of this Agreement may result in termination of this Agreement as specified in Section 23(C). The Territory, under the terms of this Agreement, will include up to three (3) miles driven in any direction from the Business as defined by MapQuest or a similar computer mapping program and will have a minimum population of 30,000 persons. We reserve the right to grant a Territory that is larger or smaller than the three (3) miles area described above, in order to account for more densely or sparsely populated areas. We will determine population based on the most recently published data from the U.S. Census Bureau (or such other source we may indicate to you). Franchisee may not conduct any other business out of any other site (the retail space where Franchisee operates a PLAYlive Nation™ Business).

The size of the protected Territory which normally will be up to three (3) miles driven in any direction from the Business (as described above) and will be determined by population base, demographics of the surrounding area, competition, business potential, availability of appropriate sites or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The Territory is determined once a location is chosen and approved by us, and will not be altered even if there is a population increase or decrease during the term of this Agreement. The boundaries of the protected territory described above shall be determined by major topographical features which clearly define contiguous areas such as: streets, highways, freeways or other roadways, rivers, streams, mountains and underdeveloped land.

Franchisee shall not relocate a PLAYlive Nation™ Business that has been assigned a location with the Territory, without the express prior written consent of Franchisor (specified in Section 22(A)). During the term of this Agreement, Franchisor shall not establish, nor license another party or entity to establish, a PLAYlive Nation™ Business within the Territory outlined above unless Franchisee decides to open additional locations. If Franchisee decides to open additional Businesses and buys the rights to additional franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section 9(D) of this Agreement).

Franchisee must operate the Center within the specific Territory as identified in this Section 6. Franchisee is not restricted as to the geographic area into which Franchisee may attract customers; however, Franchisee cannot perform any target marketing ("Target Marketing") into any other Territory of another franchisee. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain customers by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned business or unassigned area. Franchisor shall use commercially reasonable efforts to deal with any Franchisee that violates this policy. Franchisee may accept business and provide Gaming Services or sell products to customers who live outside their Territory even if such customers live within another franchisee's Territory, so long as the Gaming Services and products that Franchisee is providing are being provided from the Accepted Location within the defined Territory however Franchisee is prohibited from offering Gaming Services or selling products through any alternative channels of distribution (such as Websites as defined below) without our written approval. Franchisee acknowledges that other franchisees and company-owned businesses have the same right to provide Gaming

Services and sell products to customers over the Internet even if such customers live within Franchisee's Territory. If Franchisee is granted permission to offer Gaming Services and sell products through an alternative channel of distribution, per Franchisor's written approval, Franchisee may provide Gaming Services and sell products to customers outside Franchisee's Territory without compensation to the other franchisee or company-owned business. Franchisor's response to Franchisee's request will be made within thirty (30) days after Franchisor receives it, otherwise the request will be deemed disapproved. Approval may be revoked in Franchisor's sole discretion. Franchisor, company-owned locations and other franchisees reserve the same right to provide Gaming Services and sell products to customers who may live within Franchisee's Territory without compensation to Franchisee. Failure of Franchisee to refrain from Target Marketing and/or refer off-site events to another franchisee or company-owned business, as described above, may result in termination of this Agreement as specified in Section 23(C).

We encourage PLAYlive Nation™ Businesses, when owned by different individuals, to work out a customer referral arrangement if they are within close proximity of each other (defined as being within a ten (10) mile radius of each other). We must be notified in writing of all such arrangements.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section 6. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on the location, operation, or otherwise of present or future PLAYlive Nation™ (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they offer Gaming Services or sell products to customers within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services and/or products, in which we or any Franchisor-related persons or entities may be involved, now or in the future.

Any rights not expressly granted to Franchisee are reserved to the Franchisor. Such rights reserved to the Franchisor include but are not limited to the following:

1. Own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a. Any kind of business in the Territory that is not substantially similar to a PLAYlive Nation™ Business, whether or not using PLAYlive Nation™ Marks and the PLAYlive System and on any terms and conditions we deem appropriate; and
 - b. Any kind of business outside of the Territory, including, without limitation, PLAYlive Nation™ businesses, whether or not using PLAYlive Nation™ Marks and The PLAYlive System and on any terms and conditions we deem appropriate;
2. Offer Gaming Services, or develop, distribute and sell PLAYlive Nation™ labeled and branded (or any other brand) products to customers located anywhere (including within the Territory) using any channel of distribution and on any terms and conditions we deem appropriate (including, but not limited to, retail businesses and other similar venues and other channels of distribution such as television, mail or catalog sales) other than Franchisee's Business located in the Territory and on any terms and conditions we deem appropriate.
3. Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using PLAYlive Nation™, The PLAYlive System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere.
4. Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to)

arrangements involving competing outlets and brand conversions (to or from the PLAYlive Nation™ Marks and The PLAYlive System). Franchisee agrees to participate at its expense in any such conversion as instructed by Franchisor;

5. We may choose in our Business Judgment (as defined in Section 21 of this Agreement) to advertise Gaming Services and/or sell and distribute products through the Internet, World Wide Web and other similar venues (no matter where the customer is located) without paying any compensation to Franchisee. The Internet is a channel of distribution reserved exclusively to Franchisor and Franchisee may not independently market on the Internet or conduct e-commerce, without the Franchisor's written consent.
6. Acquire any Websites utilizing a domain name incorporating one or more of the following words: PLAYlive, premium social gaming lounge term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). Franchisee shall not establish a Website on the Internet using any domain name containing the words "PLAYlive Nation" or any variation thereof or any other words that describe the PLAYlive Nation™ business as determined by us, in our sole discretion, which may change from time to time. Franchisee acknowledges that we have all right, title and interest in and to such domain names, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. Neither Franchisee nor any of its employees shall post any information regarding Franchisor, its members, managers, officers or employees or the PLAYlive System, on any Website or any Internet site, without our prior written approval, or any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall monitor its employees to avoid them making any such postings. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between the Franchisee's Web pages and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee's Web page and any other Websites, if and as requested by Franchisor.

Franchisor may provide Franchisee, subject to certain terms and conditions, with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee's Territory may be altered during the initial term only by mutual consent in writing from both Franchisee and Franchisor or at the time of transfer or renewal.

7. TERM AND RENEWAL OF AGREEMENT

A. Term

The franchise herein granted for a PLAYlive Nation™ Business, shall be for a term of ten (10) years from the date of execution and acceptance (the "Effective Date") of this Agreement by us and subject to earlier termination as herein provided.

B. Renewal

Franchisee and Franchisor may, at their mutual option, continue and renew this Franchise in ten (10) year increments, provided Franchisor is still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term;

2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. Franchisor may refuse to renew or extend the franchise if: (a) Franchisee has failed to use its best efforts to operate the franchised business to Franchisor's satisfaction; (b) the franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) Franchisor is withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy Franchisor's then-current standards for new franchisees or (f) Franchisee is in default of this Agreement;
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met these obligations throughout the previous term;
5. Franchisee shall execute, before the renewal term, the Franchisor's then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except renewal may be for the same protected area as outlined in Section 6, or Territory, above;
6. As a condition of renewal, Franchisee shall pay, when you sign the Agreement for the first renewal term a renewal fee of five thousand dollars (\$5,000.00). Any renewal fee for a later renewal term will be set in the franchise agreement for the expiring franchise term.
7. Franchisee shall comply with Franchisor's then-current qualification and training requirements;
8. Franchisee must execute a general release, in a form prescribed by Franchisor releasing any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws; and
9. Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) in order to meet our then-current standards. Signage and all furniture, fixtures, computers video screens, and social digital games located at the Business must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

8. ESTIMATED INITIAL INVESTMENT

The Franchisee's initial investment will vary depending upon the location of the Business, the market for retail space in the Franchisee's territory, licensing and registration requirements, state licensing and regulation requirements, the number of Services the Franchisee offers, number of employees that the Franchisee hires, time of year when Franchisee starts business, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document, and has sufficient cash resources available to meet said expenses. These start-up costs include the franchise fee.

9. FRANCHISEE'S INITIAL FRANCHISE FEE

A. Time Limit for Starting Business

The Franchisee shall maintain the Business in accordance with the provisions and requirements of Section 12 hereof, and must open the Business for operation (the "Opening") within one hundred and eighty (180) days of the date of execution of this Franchise Agreement. The Business is deemed open for operation after the initial training is completed and once Franchisee has secured a retail location. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to offer Services. Franchisor may grant Franchisee one ninety (90) day extension past the allotted time within which to open the Business and/or provide an extension to continue to search for a retail space based on our reasonable judgment that you will likely find an acceptable one.

The initial Franchise Fee is fully earned on payment, and is allocated to training and other services to be rendered to Franchisee before opening. The Franchise Fee is currently uniform as to all persons currently acquiring a PLAYlive Nation™ Franchise as of the date of this registration, but this may change. The Franchise Fee is nonrefundable. Upon Franchisee's failure to timely satisfy the Opening requirement or agree on a Territory within one hundred and eighty (180) days from the Effective Date, Franchisor may, at its sole discretion, terminate the Franchise and this Agreement and retain all fees paid by Franchisee without breach of this Agreement (Section 23(C)).

During the term of this Agreement, the accepted Territory shall be used exclusively for the purpose of operating a franchised PLAYlive Nation™ Business. In the event the Business shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Business within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Business will be that which existed just prior to the casualty; however, every effort should be made to have the restored Business include the then-current image, design and specifications of a PLAYlive Nation™ Business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Business from any cause whatsoever or requisition of the Business by any governmental entity or the taking of title to the Business by eminent domain or otherwise (collectively, "**Loss**"). The Franchisee shall advise us in writing within five (5) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Business (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Business in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Business and it is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Business or find an alternative location within the Territory within thirty (30) days. Franchisor may extend this period an additional thirty (30) days at its discretion and failure of Franchisee to comply may result in termination of this Agreement. If the Agreement is terminated, Franchisee shall be relieved of all obligations under this Agreement, and the Franchisee must return to us the PLAYlive System (including all materials) and Franchisor has the first right of refusal to purchase all Assets (as described in Section 24(G)).

It is understood and agreed that, except as expressly provided herein this franchise includes no right of Franchisee to sub franchise.

B. Cooperation Required

Franchisee shall cooperate reasonably with Franchisor to ensure that the various actions occur which are necessary to obtain acceptance by Franchisor of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by Franchisor regarding Franchisee's business and finances.

C. Initial Franchise Fee

By executing this Franchise Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of \$45,000 for a PLAYlive Nation™ Business. This Initial Franchise Fee includes a license to operate a single PLAYlive Nation™ Business in a Territory that is up to three (3) miles driven in any direction from the Business and includes a minimum population of 30,000 persons determined by business potential and boundaries as described in Section 6 of this Agreement. The Initial Franchise Fee includes an affiliate regional Web page housed within our national Website a five (5) day initial training program, manuals and up to two (2) days of on-site guidance, pre-opening assistance and grand opening assistance and five (5) days of training after the grand opening. If in Franchisor's sole discretion Franchisee needs additional training, Franchisor shall furnish such training and Franchisee shall pay for the additional training at \$300.00 per day.

D. Expansion and Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional PLAYlive Nation™ Businesses, we may in our sole discretion, grant Franchisee a license to operate additional Businesses for a Franchise Fee of twenty-six thousand five hundred dollars (\$26,500) per each additional Business. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement; and (c) the Franchisee must not be in default of any of the terms of this Agreement plus any other requirements to purchase an additional franchise.

E. Total Initial Franchise Fee and Payment

The Total Initial Franchise Fee per this Franchise Agreement is due upon execution of the Franchise Agreement and receipt of which is hereby acknowledged by PLAYlive Nation, Inc., for the Franchisee's license to conduct business in the Territory.

The Total "Initial Franchise Fee" shall be as follows:

\$45,000 The Initial Franchise Fee for a PLAYlive Nation™ Business in a protected Territory.

The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise, and is nonrefundable. The Initial Franchise Fee shall be paid in a lump sum in U.S. funds and shall 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 franchise others.

10. OTHER FEES

A. Royalty Fees

In addition to the Initial Franchise Fee described in Section 9 above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee pays to Franchisor a "Royalty Fee" of either 6% of its total Gross Revenues (see definition of Gross Revenue below) for the previous month or \$600.00 whichever is greater in years one and two. For the balance of the term or any renewal the minimum royalty is the greater of \$800.00 per month or 6% of total Gross Revenues. The Royalty Fee begins immediately once the Business is open for operation then continues for the term of this Agreement. The Royalty Fee is uniform as to all

persons currently acquiring a PLAYlive Nation™ Franchise, and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section 24(H).

As used in this Agreement, “Gross Revenue” shall include all revenue accrued from the performance of services in, at, upon, about, through or from the Business, online or any other market place, whether for cash, credit or for barter and regardless of collection in the case of credit, and income of every kind and nature related to the Business including the sale of all products, insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that “Gross Revenue” shall not include service fees for credit card transactions, revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority (provided the retail value of any complimentary service or trade-outs against Gross Revenue is limited to a maximum of 2% of Gross Revenue in the aggregate), customer bad debt and the amount of cash refunds to, coupons or discounts used by customers, customer loyalty programs, allowances and charge-back the Franchisee in good faith gives to customers.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us a fee of \$100.00, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of 1.5% percent per month or the maximum rate allowed by the laws of the State in which Franchisee’s business is located or any successor or substitute law (referred to as the “Default Rate”), until paid in full.

B. The PLAYlive System Advertising Fee

Franchisee will pay a The PLAYlive System Advertising Fee equal to 1% of Gross Revenues when Franchisor establishes a National Marketing Program. The PLAYlive System Advertising Fee can be increased by us and such increase will not exceed more than 2% of Franchisee’s Gross Revenues in any calendar year. If we increase the PLAYlive System Advertising Fee, Franchisee will be given ninety (90) days’ notice prior to such increase.

The PLAYlive System Advertising Fee is to be received by the Franchisor on or before the 5th day of each month for the prior month. This fee will be deposited into our The PLAYlive System Advertising Account (the “Fund”) for ongoing technology and new product development, and such national advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark PLAYlive Nation™. The Fund may also be used for local franchisee group advertising or marketing and franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Businesses owned or operated by Franchisor will contribute on the same basis to the fund.

Franchisor may disclose the identity of vendors who pay promotional allowances to Franchisor upon request and only after Franchisee’s signing an appropriate non-disclosure agreement. If Franchisor requires Franchisee to buy items from a vendor who pays these allowances, Franchisor may do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees Franchisor receives from purchases that are not required to be made by Franchisee from a specified source. Franchisor is not obliged to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither the Franchisor nor any of its members has any fiduciary duty to the Franchisee regarding any The PLAYlive System Advertising Account.

Franchisee's failure to pay required advertising contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. Franchisor may remove Franchisee from the advertising or marketing program without notice if Franchisee fails to timely remit its PLAYlive System Advertising Fee.

C. Electronic Funds Transfer

Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer or other similar means utilizing a Franchisor approved computer system or otherwise. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents including authorization, the attached Schedule 1 "Authorization Agreement for Prearranged Payments" for direct debits from Franchisees' business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor 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 Franchisor and any interest and related processing fees charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to Franchisor (as defined in Operations Manual) for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to Franchisor as required hereunder or (b) the amount due based on information retrieved from the Franchisor's approved computer system.

D. POS Software Fee

Franchisee is required to use specific point-of-sale ("POS") software for the operation of the Business. The software is a program that allows Franchisee to record every transaction conducted along with maintaining data about every customer. The software must be licensed from us or our affiliates and Franchisee is required to sign a software license agreement, which is attached to the Agreement as Schedule 2. There is no fee for each additional user you add as the software is licensed to the Business. The current monthly fee for the license to use the POS is \$200 per month and it is the Franchisee's responsibility to install and upgrade the software for the Business. The POS Software Fee is to be received by the Franchisor on or before the 5th day of each month for the prior month. Franchisor may change the software requirements, at its sole discretion, and Franchisee shall have ninety (90) days after receipt of Franchisor's written notice within which to adhere to the new software requirements at Franchisee's expense, without any liability to the Franchisor. If Franchisee fails to comply with Franchisor's new software requirements within the timeframe mentioned above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

E. Product and Vendor Assessment Fee

Franchisee will pay an assessment fee for our approval of any product, vendor and/or supplier (to the extent not then on Franchisor's list of approved products, vendors or suppliers), which may also require third party testing. The assessment fee is \$250 for a single product and/or vendor or supplier that Franchisee wishes to use, substitute, sell or offer in the Business. Franchisor may waive these fees if the products, vendors or suppliers that the Franchisee selects meet Franchisor's requirements and make it on Franchisor's approved list of products, vendors or suppliers for all franchise locations.

Franchisee must obtain our written approval for the use of such products, vendors or suppliers in the Franchise Business (Section 12(I) of this Agreement). Franchisor will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed products, vendors or suppliers. If Franchisor does not approve the proposed products, vendors or suppliers by written notice to Franchisee within this thirty (30)

day period, all such items will be deemed disapproved. Franchisee also acknowledges that the cost for third party testing is Franchisee's responsibility.

F. Lease ~~and Insurance Compliance~~ Fee

Franchisee will pay an Lease ~~and Insurance Compliance~~ Fee in the amount of one thousand five hundred dollars (\$1,~~000~~500) to Franchisor for Franchisor's legal counsel to review the lease to ensure compliance with Franchisor's rights in accordance to Schedule 8 Collateral Assignment of Lease of this Agreement and confirm that Franchisee is in compliance with all insurance requirements as set forth in Section 8 of this Agreement. The Lease ~~and Insurance Compliance~~ Fee shall be paid upon execution of the Agreement request by Franchisor.

G. Development Services Fee

Franchisee will pay a Development Fee in the amount of two thousand five hundred dollars (\$2,500) to Franchisor for providing real estate selection services to Franchisee (the "Development Services Fee") upon receipt. The Development Services Fee is earned upon receipt and is non-refundable.

~~G.H.~~ Website Maintenance, Graphics and Promotion Fee

Franchisor, its affiliates and/or approved vendors will perform all Website content revision, printable or digital media and perform all Website promotions over the Internet for Franchisee. Franchisee will pay a rate of \$45 to \$85 per hour (or current fair market rates) to Franchisor, its affiliates or approved vendors for such services. Any requests for changes, edits or updates to Franchisee's Website or any type of Website promotion over the Internet must be approved by Franchisor in writing and the work is to be performed by either Franchisor, its affiliates or approved vendors. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days from receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied.

11. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee for a PLAYlive Nation™ Business. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section 9(C) of this Agreement.

There are no waivers of defense by the Franchisee in either this Franchise Agreement or other documents evidencing obligations to the Franchisor.

12. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's ~~-The~~PLAYlive System and adherence to our Operations Manual (the "Operations Manual" or "Manual"), in compliance with Franchisor's standardized design and specifications for decor and uniformity of the Business are essential to the image and goodwill thereof. The Manuals contain mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program, which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations and similar items. In order to further protect the PLAYlive System and our goodwill, Franchisee shall:

1. Build-out and construct the Business in the manner prescribed by Franchisor. Franchisee will be given specifications for the layout, furnishing, fixtures, signage, décor and other items necessary for the build-out of the Business. Franchisee is responsible for purchasing, installing and maintaining these items;
2. Operate the Business and use the Franchisor's Manual(s) solely in the manner prescribed by Franchisor;
3. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and name registrations as Franchisor may, from time to time, direct;
4. Follow the methods of operation and perform Services and present products so as to conform to the specifications and standards of Franchisor in effect from time to time;
5. Use only the types of products and supplies so as to conform to Franchisor's specifications. This includes Franchisor's inventory requirements and terms of any auto-ship programs as detailed in the Operations Manual (currently not in effect) and may be revised by Franchisor, at Franchisor's sole discretion, from time to time;
6. Offer from the Business any Service or program and sell any product as specified by Franchisor and not offer or sell any services, programs or products of any kind or character without first obtaining the express written approval of Franchisor, which shall be at the full discretion of the Franchisor who shall have the sole right of decision in regards to all services, programs and products to be offered or sold in the Franchise Business. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, the request shall be deemed denied. Franchisor shall have the right to not approve any product, service or program for any reason whatsoever or for no reason whatsoever;
7. Purchase the computers, flat screen televisions, furniture, approved console(s), social digital games, POS system, products, credit card processing equipment, signage, supplies, advertising and marketing materials as may be required by us, for the appropriate handling and selling of any Service and/or product that become(s) approved for offering in the PLAYlive System. Franchisee must purchase such items from Franchisor, its affiliates or approved vendors. Franchisee must obtain Franchisor's prior written approval of Franchisee's supply sources for computers, servers, general office credit card processing equipment and signage Franchisee intends to use unless supplied by Franchisor and/or its affiliates (see, Section 12(I) of this Agreement). Franchisor shall approve or deny Franchisee's request, which approval is in Franchisor's sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will act for itself in obtaining all such items. Franchisee will repair or replace obsolete or mechanically impaired computers, flat screen televisions, approved console(s) and credit card processing equipment with items that meet Franchisor's specifications;
8. Maintain a clean and attractive appearance, give prompt, courteous and efficient service by operating the Business in strict compliance with the policies, practices and procedures contained in the Operations Manual;
9. Permit Franchisor or its agents, at any reasonable time, to enter the Business during normal business hours, for the purpose of conducting inspections and reviewing business operations This includes access to any electronic records, computers and servers that pertain to the operation of the

Business. In addition to any other remedies it may have under this Agreement, Franchisor requires Franchisee to bear the cost of such inspections if during the review of the Business it is determined by Franchisor, in its sole discretion, that business operations fail to conform to Franchisor's standards;

10. Not install or permit to be installed anywhere on the Business premises without Franchisor's prior written consent, any signage or signage designs not previously approved as meeting our standards and specifications;
11. Identify itself as the owner of an independently owned and operated Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on vehicles, invoices, contracts, release forms, receipts and stationery, as well as at such conspicuous locations as Franchisor may designate in writing at the PLAYlive Nation™ Business.
12. Comply with our standards for employees as necessary to operate the Business at maximum capacity during the development and growth stages of the Business as recommended by us in the Operations Manual, and to comply with all applicable laws with respect to such services (described in Sections 12(F) and 20(E) of this Agreement);
13. Agree to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive, excessive, or illegal activity or sell any product which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or Franchisor, the Franchised Business, or the services and products sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against your customers or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose and marketing strategy of the PLAYlive System, and therefore any change there from would fundamentally change the nature of the business;
14. Conduct any advertising, promotion and/or public relations in any medium in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual;
15. Comply with all applicable ordinances, regulations, bylaws, laws and statutes. Franchisee will not permit unlawful activities on the premises and through the Franchised Business and will not sell, exchange, offer, hold, show, rent or permit to be sold, exchanged, offered, held, shown or rented any product or service Franchisee knows or reasonably suspects to have been obtained in violation of law or to be otherwise illegal;
16. Promptly pay when due all taxes, fees, debts, expenses and assessments of the franchised business, including payroll taxes. Franchisee will not permit a tax sale or seizure by levy of execution or similar writ or warrant to occur;
17. Recognize that preservation of the PLAYlive System and the health of the franchise network depends upon the uniformity of Services offered. Franchisee agrees that Franchisor will establish, from time to time, promotional or sales pricing and/or suggested fees for certain Services and products in general and/or for promotional periods of time for any or all PLAYlive Nation™ Business, to the extent such sales pricing or suggested fees are allowed by federal and state laws;
18. Participate in market research, testing, product and service development programs. Franchisee shall also participate in, and pay all dues assessed for, advisory councils (not currently in effect) if applicable;

19. Franchisee will be required to use and honor only system-wide gift cards, certificates and checks that we may designate. All such gift cards, certificates and checks may be obtained from us or an approved supplier; and
20. Franchisee must accept credit and debit cards, and other payment systems and check verification services as specified by us, and which we may change from time to time.

B. Operate Franchised Business Only

Franchisee shall use the PLAYlive System and the Names and Marks provided to Franchisee by Franchisor for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Business other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the franchised business to be used for any immoral, unethical, unauthorized or illegal purpose.

Franchisee must conduct all business through the PLAYlive Nation™ Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and agree to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 “Pre Existing Businesses.”

C. Comply With Laws

Franchisee shall comply with all federal, state and local laws, ordinances, Internal Revenue Service (“IRS”) and Federal Trade Commission (“FTC”) requirements specific to consumer protection laws and regulations, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, fire codes and building construction (including zoning classifications and clearances), price-integrity laws and/or regulations, Equal Employment Opportunity Commission (“EEOC”), laws and regulations relating to occupational hazards and health such as Occupational Safety and Health Administration (“OSHA”), or that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee’s state of operation. Franchisee must at all times operate the Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker’s compensation and unemployment insurance). In addition, with respect to all credit card transactions and customer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card customers. Franchisor’s standards may exceed any and all of the requirements of said laws. Copies of any and all notices, inspection reports or other communication from any governmental entity with respect to the conduct of a PLAYlive Nation™ Business which indicates the Franchisee’s failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five (5) days of the Franchisee’s receipt thereof. Franchisee agrees to indemnify us under Section 18 of this Agreement which includes any claims arising out of Franchisee’s failure to perform Franchisee’s obligations as described above.

It is Franchisee’s sole responsibility and absolute obligation to research all applicable federal, state, and local laws and regulations governing the operation of a PLAYlive Nation™ Business. Franchisee must obtain and at all times maintain any and all required governmental licenses, permits and industry specific licenses, certificates and/or registrations relating to the operation of a PLAYlive Nation™ Business. Franchisor makes no representations or assurances as to what licenses, permits, certifications, registrations, authorizations or otherwise will be required for Franchisee in the Franchisee’s Territory in connection with a PLAYlive Nation™ Business. It is Franchisee’s sole responsibility to identify and obtain all authorizations necessary for operation and for all costs associated with obtaining

such authorizations. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section 18 pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 4 "Executive Order 13224 and Related Certifications."

The PLAYlive Nation™ Business is designed, constructed and is to be operated in compliance with all local, state and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though Franchisor may have designed the Business space, Franchisee is responsible for compliance with all applicable federal, state and local laws and regulations concerning access by customers with disabilities. Any required modifications to the Business are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 5 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its Owners if you are an entity, officers, directors, shareholders, partners, members, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters and trade secrets relating to: methods, strategies and techniques; POS software, purchasing strategies, vendor and supplier relationships, fee strategies, customer lists, lists of prospective customers, customer information security procedures, quality control, customer service standards, promotional programs, build-out specifications, décor and signage, operational procedures, customer service standards, employee hiring guidelines, advertising and marketing materials, bookkeeping, financing and accounting methods, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's services or products, including information relating to discoveries, ideas, manufacturing, purchasing, accounting, engineering, Website development and design, marketing, merchandising or selling of Services and products (collectively referred to as "Confidential Information" and further defined in Section 16(A) of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how," software, methods and techniques developed by Franchisor and licensed to Franchisee for the operation of a PLAYlive Nation™ Business are particular to the social digital gaming industry. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents and independent contractors, either during the term or after to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation, or in any other manner the Franchisor's ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate Business

Franchisee shall at all times maintain the Business in a clean, orderly condition and in first-class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Business or its fixtures, furnishings or signage does not meet our standards, Franchisee expressly agrees that we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within thirty (30) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Business and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

At our request, which shall not be made more than once every three (3) years (or as described above), Franchisee shall refurbish the Business at its expense, to conform to Franchisor's design, trade dress, color schemes, and presentation of trademarks and service marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements which shall not exceed \$6,000 for each three (3) year period. Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete the refurbishing of the Business.

F. Maintain Competent Staff

Franchisee is solely responsible for employee's terms of employment, compensation and the proper training in the operation of a PLAYlive Nation™ Business. Franchisee is solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping.

Franchisee shall properly hire employees per our standards (subject to applicable employee protection laws) which include carefully screening employees by the use of background checks before employing them, to ascertain fitness for employment. Specifically, Franchisee must use its best efforts, including taking every action required by applicable laws related to background checks of persons working in the Business, to ensure that no person is employed who has a record of immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of the customers or reflect adversely on the reputation of us or the PLAYlive System. If Franchisee learns or if we advise Franchisee that we have learned that an employee does not meet our recommended qualification standards or that one or more employees cannot meet the written standards imposed by us or by all applicable law and regulations, Franchisee shall promptly investigate the situation and immediately discharge and replace the employee if they do not meet such standards. Failure of Franchisee to adhere to our qualification process for employees and standards for employment may result in termination of this Agreement as specified in Section 23(C) of this Agreement. Franchisee will indemnify

Franchisor (as described in Section 18) for all claims arising out of or relating to Franchisee's employees and Franchisee's hiring, firing and discipline decisions regarding employees.

Franchisor will create, and make available to Franchisee and its Owners training programs and other selected training materials, as Franchisor deems appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business (referred to as "General Manager"). Franchisee's Business must be personally managed on a full-time basis by a General Manager who has successfully completed our mandatory training and meets our then-current standards. The General Manager may, but need not, be you or one of the Owners of the Business. Franchisee must train a replacement General Manager (who Franchisor may disapprove in its sole and absolute discretion) in accordance with Franchisor's training program. Replacement General Managers or staff may attend Franchisor's training program for a fee and subject to space availability. Currently the fee is \$300 per person per day plus our expenses as described in Section 20(A) of this Agreement.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business. The Business must be personally managed on a full-time basis by a person who has successfully completed the mandatory training program and meets our then-current standards.

G. Open Business within Time Limit

Time is of the essence. The Franchisee must open a retail location for its Business within one hundred and eighty (180) days after execution of this Agreement which includes having obtained Franchisor's approval prior to opening the retail space, subject to Section 9(A) of this Agreement. Prior to opening, Franchisee shall complete, to Franchisor's satisfaction, all preparations of the Business, in accordance with specifications set forth in the Operations Manual, and as required by local governmental agencies, including installation of all furnishings and fixtures; the acquisition of computer systems, POS software, phone systems, supplies, completion of training and provision to us of all required local information, artwork and photos for the completion of the Franchisee's Web page.

H. Operate Business in Strict Conformity to Requirements

Franchisee shall operate the Business in strict conformity with such standards, techniques, and operational procedures as Franchisor may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without Franchisor's prior written consent. Franchisee further agrees to offer its customers all Services which Franchisor may, from time to time, prescribe, to offer its customers only those Services and products which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Business's operations, and to discontinue offering any Services or products which Franchisor may, in its sole discretion, disapprove in writing at any time. Franchisor will provide Franchisee with a list of approved Services Franchisee can offer in its Business during the initial training program. In addition, Franchisee is required to use only approved products in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated and approved by us (as described in Section 12(I)). Franchisee is not permitted to offer Services or sell products from any other location. Additional Services or products Franchisee desires to offer, use or sell in its Business must be authorized in writing by us.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction as specified in the Operations Manual. If Franchisee does not provide customers with satisfactory service and/or fails to resolve customer complaints at the time the complaint is registered (which includes accepting returns within the guidelines as Franchisor outlines in the Operations Manual) or if Franchisee violates operating standards or this Agreement, Franchisor may, in addition to its other remedies, complete the customer services and bill the Franchisee or customer for its services. Franchisee shall reimburse Franchisor for any expense incurred. In addition, there may be other PLAYlive System oriented programs designed to promote to the public the quality care and service provided by the PLAYlive Nation™ Business that the Franchisor may wish to implement on a

system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by the Franchisor, in its sole discretion.

Franchisor may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the PLAYlive System, including (but not limited to) a toll-free number, online surveys, customer comment cards, secret shoppers or otherwise. Franchisor will share results of such programs as they pertain to Franchisee's Territory, with Franchisee and Franchisee will reimburse Franchisor for all costs associated with any and all such programs provided that Franchisee is not in compliance with this Agreement and the PLAYlive System.

Franchisee recognizes that one of our primary methods of communication with Franchisees is through PLAYlive Dashboard intranet system, newsletters and/or memos and conference calls. We may periodically publish and provide to Franchisees. Franchisee is responsible for knowing all of the information contained in the newsletters, memos and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of the Business through our newsletters, memos and intranet system. If Franchisor establishes an intranet system, Franchisor will have no obligation to maintain the intranet system indefinitely and may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

1. Franchisor will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with Franchisor; (iii) confidentiality of materials that Franchisor transmits; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, Franchisor can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become the Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.
2. Upon receipt of notice from Franchisor that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to their computers and to establish and continually maintain electronic connection with the intranet system that allows Franchisor to send messages to Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.
3. Franchisor may use part of the System Advertising Fund that Franchisor collects under this Agreement to develop, maintain and further develop the intranet system.

Franchisee shall offer and will honor for customers, any incentive, discount, coupon, or customer loyalty programs, which Franchisor may institute from time to time, and Franchisee shall do so in compliance with Franchisor's standards and procedures for such programs to the extent permitted by the laws of the Franchisee's state. These programs may include, without limitation, discount programs, repetitive use for service programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs are required.

Franchisor may require Franchisee to join and participate in various industry specific local or national associations. Such associations may include, but are not limited to the Better Business Bureau Association and

Chamber of Commerce. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for membership fees and any related costs.

Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

All advertising, promotions and public relations by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the current version of the Operations Manual. Franchisee shall have the right to offer Services and sell products at any fee or price Franchisee may determine, except that Franchisor reserves the right to establish minimum and maximum fees and/or prices for any given Service or product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees that Franchisor has the right, in its sole discretion, to establish minimum and maximum fees for any Service or prices for any product so long as such decisions are made with the honest belief that the measure Franchisor is adopting will help everyone in the PLAYlive System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and/or products offered and must adhere to Franchisor's minimum and maximum fee and pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer any Service or sell any product at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Services or products at the recommended fee schedule or price point will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by Franchisor periodically.

I. Use Approved Products, Supplies, Vendors & Suppliers

Franchisee acknowledges that Franchisor has spent considerable time in developing the Services, processes, methods, technology and products used in the operation of a PLAYlive Nation™ Business. Accordingly, Franchisee acknowledges that Franchisee is required to use only approved products, supplies, vendors and suppliers that include, but is not limited to: computers, flat screen televisions, POS software, credit card processing equipment, signage, merchant services, supplies and/or services approved by Franchisor. Franchisor will provide Franchisee with a list of approved vendors and/or suppliers for all such products, supplies and services that Franchisee is authorized to use in its Business. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, we believe that the product's price and quality will be comparable to similar products from other sources. We may take a portion of that income to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or may place them in the advertising account Fund as described in Section 10(B) of this Agreement. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. Franchisee agrees that we may periodically and upon written notice, add to, modify or change such approved products, supplies, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisees expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a PLAYlive Nation™ Business with furnishing, fixtures, décor items and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section 12(R) of this Agreement.
2. To insure the consistent high quality and uniformity of Services provided by all PLAYlive Nation™ Businesses, Franchisee must purchase all products and supplies and use services only from Franchisor, its affiliates or approved vendors and/or suppliers who demonstrate to

Franchisor's continuing satisfaction an ability to meet Franchisor's standards and specifications. Franchisor may make arrangements with vendors for certain products and services at negotiated costs that would ultimately benefit the entire The PLAYlive System. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor, its affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of products or supplies where such items are out-of-stock or discontinued.

3. In approving any vendor, Franchisor may consider factors such as: quality, composition, performance, technical specifications, delivery, safety, design, durability, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by Franchisor and may be disapproved by Franchisor anytime thereafter. If Franchisee desires to purchase unapproved products, supplies or services from unapproved vendors, Franchisee must submit to Franchisor a written request for such approval. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor does not approve such products, supplies, vendors, suppliers or services by written notice to Franchisee within this thirty (30) day period, the products, supplies, vendor, supplier or service will be deemed disapproved. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and Franchisor shall not be liable for damage to or for the return of any sample and Franchisee may be responsible for the product and vendor assessment fee as described in Section 10(E) of this Agreement. Franchisor reserves the right, at any time, to re-inspect the facilities and to retest the product of any approved vendor and to revoke any approval if the vendor fails to continue to meet Franchisor's high standards.
4. Franchisee will not make any claims against us with respect to any vendor and/or related supplier for computer systems, POS software or any other products or supplies necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor/supplier/products). THE FRANCHISOR MAKES NO WARRANTIES REGARDING ANY VENDOR PRODUCTS OR SUPPLIES, AND HEREBY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISOR MAKES NO WARRANTIES REGARDING ANY OPEN SOURCE SOFTWARE CONTAINED IN ANY VENDOR PRODUCTS OR SUPPLIES. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. Franchisor will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.
5. Franchisee may be required to use and/or offer for sale any and all branded merchandise or Proprietary Products developed by Franchisor, which will be listed in the Operations Manual. The

term "Proprietary Products" is defined as all products, supplies, marketing materials and PLAYlive Nation™ branded products all of which must be purchased by the Franchisee directly from Franchisor or Franchisor's approved vendors, unless the Franchisee has submitted and received written approval from Franchisor to use an alternate supplier.

6. Franchisee acknowledges that Franchisor may require Franchisee to maintain in inventory a minimum representation of PLAYlive Nation™ Proprietary Products "Minimum Representation" shall be defined as the continuous maintenance of an amount of PLAYlive Nation™ Proprietary Products meeting requirements as defined in the Operations Manual. If this requirement is implemented, Franchisee shall at all times comply with Franchisor's Minimum Representation requirements and the terms of any auto-ship requirements (currently Franchisor does not have any such requirements, however does require that Franchisee purchase updates for all promotional and marketing materials when designated as mandatory by Franchisor and as specified in the Operations Manual). If Franchisor requires Franchisee to carry a Minimum Representation of products and if a particular product does not sell well in the Franchisee's Business, Franchisee may request that the specific product be removed from the required Minimum Representation list. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied.
7. Franchisee shall not make any changes to the Proprietary Products or any third party products including changing the containers, packaging, labeling, promotional materials, advertising, cartons or the like without Franchisor's or the manufacturer's prior written approval, which may be withheld in the sole discretion of the Franchisor or manufacturer.
8. Franchisee may not independently act as an exclusive distributor for any third party vendor or secure any exclusive rights to distribute products and/or Proprietary Products inside or outside of Franchisee's Territory without Franchisor's written consent. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines or will result in termination of this Agreement as specified in Section 23(C) of this Agreement.
9. Franchisee shall not manufacture or produce any product that is similar to, or competes with any of Franchisor's product, Proprietary Products or third party product. This includes any product used, offered or sold in the Business or in any channel of distribution offering similar products without the advanced written consent of the Franchisor or manufacturer, which may be granted or denied in Franchisor's or the manufacturer's sole discretion. Violation of this Section 12(I)9 shall be grounds for immediate termination as specified in Section 23(C) of this Agreement.
10. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some PLAYlive Nation™ businesses with: computers, furniture and fixtures, credit card processing equipment, signage, merchant services, advertising and marketing materials, supplies and/or other social digital gaming related products or services that Franchisor requires for use in the development and/or operation of the Business. In this event, Franchisor may limit the number of approved vendors with whom Franchisee may deal with and

designate sources that Franchisee must use for some or all such items and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the PLAYlive System. Franchisor shall have unlimited discretion to approve or disapprove of the vendors who may be permitted to sell such items to Franchisees.

11. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all computer systems, POS software meeting our specifications, as we may modify them. Franchisee agrees to replace the computers at Franchisee's expense as the computers (i) become obsolete or inoperable; or (ii) if, in Franchisor's sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee agrees to maintain all systems on-line to allow us to access system data and information. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computer systems, servers, software, including Internet usage.
12. Franchisor cannot estimate the future costs of the computer system, POS software or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the software, computer system, (or additions and modifications) and required service, maintenance repairs and support. Franchisor has no obligation to reimburse Franchisee for any computer system, software costs. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain any computer system, software and components that the Franchisor designates and to ensure that Franchisee's computer system, and software as modified, is functioning properly.
13. Franchisee is required to use our proprietary POS software for the operation of the Business. If Franchisor develops any new or upgrades to the existing proprietary software and requires Franchisee to use such software, Franchisor will provide Franchisee with a ninety (90) day written notice to license and use such software for the operation of the Business. Franchisor will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any proprietary software ("Software") will be subject to the following terms:
 - a. Franchisee will use our Software on a computer system that: (i) meet Franchisor's computer hardware specifications; and (ii) is located at the Business or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;
 - b. Franchisee acknowledges and agrees that Franchisor will be the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;
 - c. Franchisee will not modify, the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. The Franchisor shall own all copyrights and other

intellectual property rights to all modifications and suggestions proposed by Franchisee. The term “all copyrights and other intellectual property rights shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee agrees to execute all documents that the Franchisor deems is necessary to assign all copyright and other intellectual property rights to the Franchisor. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

- d. Franchisor will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee’s files stored on Franchisee’s computer systems, server or any other computer system. Additionally, Franchisee will electronically transfer all files and reports to Franchisor upon its request. All information that Franchisee stores in any computer system or server shall become the Franchisor’s confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding the Franchisor’s Confidential Information. The only exception to this is the personal information of each customer of the Franchisee’s which is protected under federal privacy laws;
- e. Franchisee and Franchisee’s employees will not make available the Software, or portions thereof, to any person other than Franchisee’s or our employees without Franchisor’s prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this Agreement as specified in Section 23(C) of this Agreement;
- f. Franchisee acknowledges and agrees that the Software, if developed, will be Franchisor’s valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that Franchisor has entrusted to Franchisee in confidence to use only as Franchisor authorizes under this Agreement. Franchisor hereby claims and reserves all rights and benefits afforded under copyright law, trade secret law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee’s employees who gain access to the Software will protect them against improper use, dissemination or disclosure;
- g. ANY SOFTWARE SHALL BE PROVIDED ON AN “AS-IS” BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, IMPLIED WARRANTY OF QUALITY OF COMPUTER

PROGRAMS, IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND IMPLIED WARRANTY OF INFORMATIONAL CONTENT. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. WE MAKE NO WARRANTIES THAT THE SOFTWARE IS FREE FROM BUGS, VIRUSES, TROJAN HORSES, OR WORMS. WE MAKE NO WARRANTY REGARDING ANY OPEN SOURCE SOFTWARE CONTAINED IN THE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

- h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;
 - i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have no adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;
 - j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and
 - k. Franchisee must update all computer systems upon our request to optimize performance of the Software.
2. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors bugs, viruses, Trojan horses worms, loss of data, or any other occurrences relating to any computer or system hardware, server or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.
3. Franchisor may set standards or specifications for leases, real estate, the construction and build-out of the Business; furniture, fixtures, décor items, signage and Internet or network access services, at its discretion, including its subjective determinations relating to quality, value and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of any particular product, nor shall any provision herein imply or establish an obligation on the part of the Franchisor and its affiliates to sell products or supplies to Franchisee if Franchisee is in arrears on any payment to Franchisor, its affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of products, supplies, advertising and marketing materials, or other products, Franchisor or its affiliates shall not be obligated to sell such items to Franchisee.

J. Use Approved Design and Signage for Business

In operating a PLAYlive Nation™ Business, Franchisee must adhere to Franchisor signage standards, and utilize signage designs in accordance with the standards and specifications recommended by Franchisor, or that will continue to be recommended by Franchisor. Franchisee may use an approved supplier for signage, or submit an alternate supplier to Franchisor for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of the Names and Marks of Franchisor. Franchisee shall be totally responsible for obtaining and equipping the Business with the signage that is approved for use by Franchisor from time to time. The color, size, design and location of said signs shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, juke boxes, gum machines, games, rides, vending machines or other similar devices and décor items in the Business without our prior written consent.

K. Participation in the Operation of the Business

Franchisee agrees to participate in the day-to-day operation of the Business. Franchisee may assign the supervision of the Business to an Owner or General Manager once approved by Franchisor. Franchisee agrees that the General Manager will supervise all Employees. The General Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

L. Maintain Regular Business Hours

Franchisee must maintain minimum hours of operation from 10 a.m. to 9 p.m. Monday-Friday, Saturday 10:00 a.m. to 9:00 p.m. and Sunday minimum operation hours of 12:00 noon to 6:00 p.m., except holidays or the hours otherwise approved in writing by us or as required by the lease of the Business on which the Business is operated (this excludes holidays which are specified in the Operations Manual). It is required that the Franchisee maintain a telephone answering system and monitor an e-mail address for the Business to take messages and respond to both online and on-site customers outside of regular business hours.

M. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail in the operation of the Business is important to the Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the products offered by the Business under the PLAYlive Nation System, and to protect Franchisor's trademarks, service marks, reputation and goodwill.

Franchisee acknowledges and agrees that the PLAYlive Nation System must continue to evolve in order to reflect changing market conditions and meet new and changing customer demands. As a consequence, changes, modifications and variations to the PLAYlive Nation System's standards may be required from time to time to preserve and enhance the public image of the PLAYlive Nation System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the PLAYlive Nation System, including without limitation the adoption and use of new or modified trademarks, services, programs, products, signage, décor, furnishings, fixtures, operational methods, computers, software, non-proprietary

software, methodologies, employee hiring guidelines, advertising, sales and marketing strategies. Franchisee promises to promptly accept, implement, use and display in the operation of the Business, all such additions, modifications and changes at Franchisee's expense.

Franchisor will not require Franchisee to make any changes, modifications and/or variations to the PLAYlive Nation System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); further we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the PLAYlive Nation System within one hundred and twenty (120) days of such written notice is an incurable default as described in Section 23(C) of this Agreement, except as allowed in Section 12(E) of this Agreement.

N. Telephone Number of Business, Web Page and Websites

Franchisee understands and agrees that the telephone number(s), the URL address, Web page and if permitted, Websites for the Business (in addition to any cell phone numbers) constitute a part of the PLAYlive Nation System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, Web page or Websites for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) and, permitted by Franchisor, the URL address, Web page and Websites for the Business in the manner prescribed by Franchisor. As stated above, all telephone numbers, URL addresses, Web page, Websites, Internet or similar connections, directory and listings for the franchised Business are the Franchisor's property and upon termination will revert to the Franchisor. (See Schedule 6 Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney)

O. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to Franchisor any service, product, discovery, concept, method, technique, process, program, operational procedure, invention or idea, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any Owner, agent, employee or independent contractor of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such services, products, discoveries, concepts, methods, techniques, processes, programs, operational procedures, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee. The Franchisor shall own all copyrights and other intellectual property rights to all discoveries and products proposed by Franchisee. The term "all copyrights and other intellectual property rights" shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee shall assign all copyrights and other intellectual property rights to the Franchisor. However as a matter of corporate policy, Franchisor may, in its sole discretion, create an incentive program to reward Franchisee, its officers, directors, managers, members, partners, shareholders, employees, agent or independent contractors for any such service, product, program, discovery, concept, method, technique, process or improvement that Franchisor implements throughout the PLAYlive Nation System. The Franchisee, its officers, directors, managers, members, partners or shareholders agree to execute all documents deemed reasonably necessary by the Franchisor to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to the Franchisor. The purpose of this clause is to ensure that ideas for improvements to the PLAYlive Nation System that may be generated by franchisees within the PLAYlive Nation System will be distributed to the other franchisees as a benefit of belonging to the PLAYlive Nation System. The Franchisee agrees

to execute all documents that the Franchisor deems reasonably necessary to carry out such transfer of intellectual property rights to the Franchisor.

P. Permit Franchisor to Enter Business

Franchisee shall permit Franchisor and its agents or representatives to enter the Business during normal business hours for the purpose of conducting inspections without notice to Franchisee and inspect the operations of the Business, review business operations and if necessary to remove samples of products without payment, for Franchisor review to determine if such samples meet Franchisor's then-current standards and specifications. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

Q. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general or limited partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business within the Territory (as described in Section 6);
2. Franchisee's Certificate of Formation, Articles/Certificates of Incorporation or Articles of Organization, Shareholders Agreement, Operating Agreement, Partnership Agreement and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, voting membership units or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish Franchisor upon execution of this Agreement copies of Franchisee's Articles/Certificates of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;
3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock, partnership interest or membership of Franchisee and shall furnish such list to Franchisor upon request;
4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) except in accordance with the provisions of Section 25 of this Agreement. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate, membership unit certificate, partnership unit certificate, or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE
TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT
WITH PLAYLIVE NATION, INC. AS OF THE SIGNING DATE.
REFERENCE IS MADE TO SAID AGREEMENT AND TO THE

RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS
OF THIS CORPORATION;

5. All shareholders, members, general partners and owners of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section 12(R), shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");
6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish Franchisor with a copy of its operating agreement and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish Franchisor a copy of its shareholders agreement, articles, bylaws, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time;
7. Each individual or Entity holding a 10% or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a 50% or greater interest in any partnership, limited liability company, or corporation which has a 10% or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 7 as such form may be amended or modified by Franchisor, from time to time (if such guaranty agreement is to be executed after the date of this Agreement in accordance with the terms of this Franchise Agreement); and
8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining Franchisor's written consent in which consent shall be approved or denied within thirty (30) days of Franchisee's request.

R. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Business to be established under the Franchise Agreement and for equipping the Business at such premises. A typical site for a PLAYlive Nation™ Business is a retail location that has approximately ~~1,500~~2,000 to 3,000 square feet of space. The retail space for a PLAYlive Nation™ Business must be enclosed and separate from other businesses with its own locking door, unless permitted by PLAYlive Nation. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by Franchisor in writing. On the execution of any lease for the Business, Franchisee will deliver to Franchisor a copy of the executed lease and an option to assume the lease executed by the lessor in favor of Franchisor in a form acceptable to Franchisor. All improvements to the Business must be approved by Franchisor.

FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A PLAYLIVE NATION FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Franchisee acknowledges that we have spent considerable amount of time choosing the creating the decoration and outfitting PLAYlive Nation TM Business. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Business constitute and/or contain Confidential Information and/or Trade Secrets of ours. Franchisee agrees that the Business shall be maintained and operated as follows:

1. Franchisee will maintain the Business and every component of the furnishings, fixtures, signage, and computers in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep the Business fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Business at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos in the Business and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Business, or any furnishings, fixtures, signage, computers or servers contained within the Business as specified in the Operations Manual;
5. Franchisee will maintain and upgrade the Business and all furnishings, fixtures, signage, and computers as specified from time-to-time in the Operations Manual so as to always use our then-current specifications;
6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Business. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Business; and
7. Franchisee may be required to use only approved service providers for repairs and maintenance of the furnishings, fixtures, signage, POS, and computers in the Business.

Franchisee shall not execute a lease or sublease for the Business, or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. Franchisee will deliver to Franchisor a copy of any lease or sublease for Franchisor's review at least thirty (30) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. Franchisee shall ensure that the lease or sublease for the Business contains, the language in an addendum or otherwise, the following provisions which:

1. Permit Franchisee to operate a PLAYlive Nation TM Business in accordance this Agreement and the Manuals;
2. Provide that the site will be used only for the operation of a PLAYlive Nation TM Business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;
3. Require the landlord to concurrently provide us with a copy of any written notices of default of Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

4. Provide us with a right to take assignment and possession of the PLAYlive Nation™ Business, without the landlord's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we'll sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when you sign this Agreement, also sign the Collateral Assignment of Lease attached as Schedule 8. If Franchisee loses lease rights to the site in connection with any bankruptcy, the landlord will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;
5. Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the PLAYlive System, as modified from time-to-time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and Trade Dress and/or prevent/cure any default; and
6. Throughout the Initial Term and any extension, Landlord agrees that Tenant shall have the exclusive right in the Shopping Center to provide social digital gaming products and services. Other tenants in the Shopping Center offering social digital gaming ancillary to their business operations will be permitted. For purposes of this provision, "ancillary" means any business that derives no more than 10% of its gross revenues from social digital gaming related services. In no event shall Landlord permit any social digital gaming establishment in the Shopping Center.
7. Any radius restrictions or relocation provisions found in the Lease are hereby deleted.
- S. Development and Construction of Business

Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build-out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the approved Business. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build-out of the Business which includes specifications for Business layout, repair center, furnishings, fixtures, décor and signage. Franchisor must review Franchisee's architect's final plans prior to implementation. Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build-out specifications. Franchisor reserves the right to receive rebates, commissions or other forms of consideration from designated or approved suppliers involved in the construction or fixturing of the Business and to use such rebates, commissions or other consideration in any way Franchisor deems appropriate in Franchisor's sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

Franchisor would expect that the site for a PLAYlive Nation™ Business would need minor construction improvements. Costs may vary widely depending on such factors as property location, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission

shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

Except as provided in Section 9(A) of this Agreement, Franchisee shall construct, furnish and open the Business according to the requirements contained herein, and Franchisee shall open the Business no later than one hundred and eighty (180) days from the Effective Date (as described in Section 9(A) of this Agreement). Prior to opening for business, Franchisee shall provide Franchisor with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to the grand opening advertising program), the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the Business until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards including, but not limited, to materials, quality of work, furnishings, fixtures, signage, decor, paint and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld. Franchisor's approval to open the Business does not constitute a waiver of Franchisor's right to require Franchisee to conform the Business to Franchisor's standards.

T. Training

Prior to Franchisee's opening of the Business to the public, Franchisee, its Owners if it is an Entity, or General Manager shall complete to our satisfaction the five (5) day training program required by this Agreement within thirty (30) days of the date Franchisee anticipates opening the Business, along with two days of onsite pre-opening assistance and grand opening assistance and five days of training after opening. At our option, key personnel subsequently employed by Franchisee shall also complete the training program. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee's designated individual's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to Franchisor. If Franchisee's new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee, its employees, or agents in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

U. Ongoing Training and Support.

The Franchisee will have access to our personnel for questions, ongoing training and support by telephone and e-mail. Franchisor will continue to consult with and advise Franchisee; provide a telephone help line, free of charge, to answer any questions from Franchisee or its staff (Section 20(A) of this Agreement), provide the Manual specifications, supplier, product, marketing and operational updates as they become available; review advertising, service, product and/or supplier approval requests; and administer the System Advertising Fund.

13. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Before Franchisee opens a PLAYlive Nation™ Franchised Business, Franchisee must purchase insurance coverage from ~~a responsible carrier~~ PLAYlive Nation's Approved Insurance Agency Vendor with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. We reserve the right to change our Approved Insurance Agency Vendor at any time. Franchisor shall give Franchisee 60 day notice of the change of insurance vendor.

Franchisee shall list Franchisor as additional insured on all of its insurance policies. Franchisee will procure and maintain general comprehensive liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000) in addition to property and casualty insurance with a minimum policy limit of \$1,000,000 or an amount specified by the Franchisor. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. All policies of insurance to be maintained by you shall contain a separate endorsement naming us, and if required, our related parties, as additional insured parties.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. You acknowledge and agree that the minimum coverage limits we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverage or coverage limits that are or might be appropriate for your Business. You agree to seek the advice of your insurance advisor regarding the appropriate types of coverage and coverage limits you may need to sufficiently protect your Business.

Franchisee must also procure and maintain "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the premises and all other property) in addition to business interruption insurance to fully insure loss of earnings for a period of one-hundred and eighty (180) days or longer as we may specify (which shall be used to pay royalties, advertising fees and POS license fee) and statutory workers' compensation insurance with limits of greater than \$100,000 or the minimum limits required by law.

For any construction, renovation, refurbishment or remodeling of the site, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than \$1,000,000 per claim, naming Franchisee and PLAYlive Nation, Inc. as additional insured, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance and copies of the insurance policies from the contractor prior to the initiation of any construction and provide Franchisor copies of all policies and certificates of insurance prior to any construction taking place.

To the extent available, Franchisor may require Franchisee to acquire automobile liability insurance (with coverage of owned and hired vehicles with minimum coverage in amounts not less than \$1,000,000 combined single limit (bodily and property damage) or what is in accordance with Franchisee's state guidelines).

All insurance policies will name Franchisor as certificate holder and additional named insured with waiver of subrogation against Franchisor. Franchisor may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide Franchisor its affiliates or (third party vendors to conduct the Annual Insurance Compliance) with certificates of insurance and a complete copy of all insurance policies within ten (10) days of

issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Failure to provide complete copies of insurance policies and certificates of insurance to Franchisor its affiliate or third party vendor providing Annual Insurance Compliance shall be considered a material breach of this Agreement as set forth in Section 23(C). Lapses, alterations, or cancellations require immediate notice to Franchisor and shall, in Franchisor's sole discretion, be deemed an immediate material breach of this Agreement as set forth in Section 23(C). If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance. Franchisor may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the franchised Business.

Franchisee shall notify Franchisor immediately in writing of any event that could materially affect Franchisee or the franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

Franchisor makes no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee acknowledges that Franchisor shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for, or with respect to, the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section 18. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish Franchisor with certified copies of each of the insurance policies described above on the earlier of opening the Business or ninety (90) days following the date this Agreement is executed.

14. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis, are essential to the efficient operation of the Business. Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of three (3) years, full and complete accurate records of; sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing however state or federal guidelines may require a longer time period. Franchisee will keep its books and records related to

the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide Franchisor all hard copy and electronic reports Franchisor prescribes. On or before the 5th day of each month or daily if Franchisor requires, Franchisee will deliver or provide electronic access to business records (Franchisor will have independent access to all information that Franchisee stores in any computer or server), including an itemized report of Franchisee's Gross Revenue for the prior period on a form Franchisor prescribes, which will include payment for that periods' or months' fees due, and may include, to the extent that Franchisor requires:

1. Franchisee's payroll records, certification or records of Gross Revenue for the month, week, day or period reported; and/or
2. Copies of any customer invoices and customer contracts with updated location information in any format Franchisor specifies;
3. Copies of all invoices for including purchases of products and supplies;
4. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);
5. Copies of all bank deposits, and bank deposit records made by the Franchisee; and
6. A complete list of all customers, their email addresses, physical addresses and telephone numbers, who have filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds for Services during the preceding month, by the fifth (5th) day of each month.

Franchisee acknowledges and agrees that Franchisor, at all times during and after termination, expiration or cancellation of this Agreement, has the right to access (electronically or otherwise) all Business Records of the Business. Franchisor may use, transfer, copy or analyze such Business Records as Franchisor determines in its sole discretion to be in the best interest of the PLAYlive System. For purposes of this Agreement, "Business Records" means all records, documents, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer records (to the extent permitted by law), vendor records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a PLAYlive Nation™ Business, including but not limited to customers, employees, vendors and other professionals related to the Business.

Franchisee may be required by us to obtain specified computers and will be required to use specific software, including, without limitation, a license to use our POS, or any of our vendors in accordance with Section 12(I) of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining the computers and software and Franchisee agrees to maintain, upgrade, etc. the computers and any additional licenses for the software at its own expense (upgrades, maintenance and support for our proprietary software will be provided by Franchisor as described in Section 20(I)). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of proprietary software that we may license to Franchisee and other products and services that we may furnish to Franchisee related to the computer systems.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with United States generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to Franchisor accounting, tax and other information or copies of documents, as Franchisor requests.

B. Franchisor's Right to Audit

Franchisor or its agents may enter the Franchisee's location to examine or audit Franchisee's Business at any reasonable time without notice. Franchisor may examine, inspect or audit Franchisee's database and all Business Records, which records will include, but will not be limited to: payroll records, ledgers, sales reports, timecards, check stubs, bank deposits, bank statements, profits and loss, general ledgers, balance sheets, merchant account printouts, receipts, sales tax records and tax returns, insurance policies and other documents. Franchisor will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Gross Revenue by 2% or more for any reported time period, in which case Franchisee will pay the audit costs plus interest at 1.5% per month for all understated Gross Revenues or the maximum rate allowed by the laws of the State in which Franchisee's Business is located as specified in the Operations Manual. Franchisee will immediately pay Franchisor all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse Franchisor for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and attorneys' fees), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an inspection discloses an understatement in any payment to Franchisor of 2% or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section 23(C). The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to Franchisor will be by any method Franchisor specifies, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section 10(C) of this Agreement). All payments to Franchisor and dollar amounts stated in this Agreement shall be made in United States dollars unless otherwise expressed. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

Franchisee will provide Franchisor with a copy of Franchisee's annual financial statements including a profit and loss statement and a balance sheet containing complete notes and disclosures. Such statements will be prepared in accordance with United States generally accepted accounting principles, by an independent accountant, and will be delivered to Franchisor within one hundred and twenty (120) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders, Franchisor's purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should Franchisor have acquired Franchisee's Business and intends to sell it to a prospective franchisee, Franchisor may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, landlord, and creditors concerning the Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

15. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. PLAYlive, ~~LLC Nation, Inc. a Washington limited liability company,~~ is the exclusive owner of the Names and Marks to establish PLAYlive Nation™ franchises in the United States. ~~PLAYlive, LLC licenses the Mark to PLAYlive Nation, Inc.~~
2. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Names and Marks. Franchisor and Franchisee shall investigate such use, applications, or registrations, if any, and Franchisor shall in its sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by Franchisor shall not constitute a ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if Franchisor shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by Franchisor. Franchisor shall not be liable for any losses or any consequential damages, incidental damage, punitive damages, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). The Franchisor shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.
4. Franchisor will use and permit Franchisee and other franchisees to use the Marks in compliance with the PLAYlive System and standards attendant thereto and contained in the Operations Manual as well as the Franchisor's policy statements, which underlie the goodwill associated with and symbolized by the Names and Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of PLAYlive Nation, Inc. Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor or its affiliates;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee's Web page on Franchisor's Website and accepted Business location;

3. Franchisee shall use and display, as Franchisor may require in the operation of the Business, a notice in the form approved by Franchisor indicating that Franchisee is a "Franchise" of PLAYlive Nation, Inc. and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that Franchisor owns or has a license to use the Marks and Franchisee uses them under a license;
4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark "PLAYlive Nation™";
5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of Franchisor's rights and material breach of this Agreement;
6. Franchisee must obtain Franchisor's approval for any use of any item of printed material of any kind bearing any of the Names or Marks, unless Franchisor supplied the item. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of Trademark registrations and copyrights as Franchisor specifies;
7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;
8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;
9. Except as provided in this Agreement, Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URL's, Websites, links, metatags, locators and search techniques;
10. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability; and
11. In the event any litigation involving Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the sole opinion of Franchisor, reasonably necessary or advisable to protect and maintain the interests of Franchisor or any other interested party in the Names or Marks. Other than what is stated in this Agreement, Franchisor is not contractually obligated to protect Franchisee's right to use the trademarks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the trademark or to change the trademarks at Franchisee's expense. However, we might choose to do so if, in the opinion of our legal counsel, such action is necessary or appropriate under the circumstances. The Franchisor will control any and all such litigation, arbitration, and mediation involving the Franchisor's trademarks. The

Franchisee has no authority to institute any litigation, file for arbitration, or institute any request for mediation regarding the Franchisor's trademarks, nor does the Franchisee have any authority to enter into any settlement negotiations or any agreement regarding settlement.

12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

- ~~13.~~ Franchisee further agrees to follow all of the Franchisor's quality standards that are inherent in the Names and Marks. Such quality standards are contained in the Operations Manual, as well as various memos or policy statements issued by the Franchisor, and may be changed from time to time at the Franchisor's sole discretion.

~~13.~~

C. Franchisee Will Not Challenge Franchisor's Rights in Its Use of Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;
2. The Names and Marks are valid and serve to identify the PLAYlive System and those who are franchised under the PLAYlive System;
3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;
4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;
5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the PLAYlive System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the PLAYlive System or the Names and Marks;
6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the PLAYlive System, the Business and other franchised businesses operating there under;
7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. Franchisor cannot and does not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always

a possibility that there might be one or more businesses using a name and/or marks similar to Franchisor with superior rights;

8. Franchisee hereby agrees not to register or attempt to register Names and Marks in Franchisee's name or that of any other firm, person or corporation;
9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and thus Franchisor has and retains the rights, among others:
 - a. To use the Names and Marks and itself in connection with offering Services and selling products (if Franchisor decides to sell products in the future);
 - b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as Franchisor may specify and only with Franchisor's prior written consent. Franchisor retains the right to approve any linking to or other use of Franchisee's Web page, Franchisor's Website or any other Website specific to its Services;
 - c. To grant other franchises or licenses for the Names and Marks, in addition to those already granted to existing franchisees; and
 - d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
10. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of POS and/or products bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the PLAYlive System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of The PLAYlive System products and/or POS for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System product and/or Software or non-System products or software without Franchisor's written consent.

D. Ownership of Intellectual Property

Franchisee acknowledges that Franchisor is the exclusive owner of the Intellectual Property, the Names and Marks, all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, all employees and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Business. Franchisee will, on demand, promptly deliver to Franchisor a complete list of Franchisee's customers and employees including information we may request related to such customers and employees. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an Entity, title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners, or Employees shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the Intellectual Property other than as provided for in this Agreement. Franchisee acknowledges that the Franchisor shall own all intellectual property rights to any materials provided to the Franchisee by the Franchisor, or developed by the Franchisee pursuant to this Agreement. Franchisee agrees

to execute all documents deemed reasonably necessary by the Franchisor to carry out such assignment. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

16. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, methods, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the PLAYlive System, POS software, computer specifications, purchasing strategies, vendor and supplier relationships, quality control, promotion and discount programs, build-out specifications, décor and signage, advertising and marketing materials, customer service standards and business strategies necessary for the operation of the Business and the Operations Manual. Franchisee further acknowledges that all Confidential Information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Any person or entity, which has, been or become Franchisees of the System and any investors therein;
2. Any person or entity which has, have been or becomes customers of the PLAYlive Nation™ Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the PLAYlive System;
4. The operating procedures of the PLAYlive System, including without limitation: practices, methods, strategies and techniques; fee strategies, customer information security procedures, usage of software, contracts, forms and waivers; bookkeeping, financing and accounting systems and procedures, advertising, promotional and marketing methods, standards for hiring employees, training procedures and lists of vendors and suppliers;
5. The economic and financial characteristics of the PLAYlive System and franchisees, including without limitation: fees schedules, revenues, sales, training, profitability, earnings and losses and capital and debt structures;
6. The Services and products offered to customers of a PLAYlive Nation™ Business, including, without limitation, the scope of services performed and services refused; and
7. All documentation containing the information listed in Sections 16(A) 1 through 17(A) 7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Confidential Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, techniques, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents and representatives, as they must have access to it in order to operate PLAYlive Nation™ Business. Franchisee must follow all Franchisor's security procedures, which include the execution and delivery to Franchisor of approved nondisclosure or non-competition agreements from each such employee, independent contractor, agent or representative within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation or other Entity, any of the Confidential Information of Franchisor.

The Manuals are, and remain, the exclusive property of the Franchisor. Franchisor will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic versions of the Manual) to Franchisor at the termination or expiration of this Agreement for any reason, or at any other time at Franchisor's request. The Manuals contain mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's other obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, Franchisor will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee cannot copy any part of the Manuals (except for designated training sections), either physically or electronically. If Franchisee's copy or the Manuals are lost, destroyed or significantly damaged, Franchisee must replace the Manual at its own expense as set forth in Section 20(G).

C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of PLAYlive Nation™ System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees, or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by Franchisor or which bear any of Franchisor's Names and Marks; any other materials or publications of Franchisor, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.
2. Franchisee will not refer actual or prospective customers to any former franchisee.
3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.
4. If Franchisee observes any former franchisee using any of the Names and Marks in any way, or utilizing a business facility (including any vehicles) for which the Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to Franchisor along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a PLAYlive Nation™ franchisee.
6. The provisions of this Section 16(C) shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:
 - a. Franchisee receives a new franchisee directory in which such franchise does not appear; or
 - b. Franchise receives written notice from Franchisor that one or more particular franchise agreements have expired or been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section 16 will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, a violation of requirements of this Section 16. The foregoing remedies shall be in addition to any other legal or equitable remedies, which Franchisor may have.

E. Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in or to any patents that are material to the Franchise at this time. However, Franchisor claims copyright protection for the Operations Manual, Website, POS and all promotions, marketing, sales and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, Franchisor claims rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. To the best of Franchisor's knowledge, the Franchisor's Confidential Information, trade secrets, copyrights, and patent rights are valid;
2. Franchisee shall not directly or indirectly contest the validity or the ownership of the Franchisor's Confidential Information, trade secrets, copyrights, and patents;
3. Franchisee's use of the Franchisor's Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;
4. Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Business under the PLAYlive System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement

and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

5. Franchisor reserves the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;
6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. Franchisor cannot and does not make any guaranty that any modification or discontinuation of any aspect of the System or any other System related change will not be required. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents;
7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights or patents in Franchisee's name or that of any other firm, person or corporation; and
8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others:
 - a. To use the trade secrets, Confidential Information, patents, and copyrights itself in connection with offering Gaming Services and the sale of products;
 - b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements;
 - c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and
 - d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
9. Franchisee understands and acknowledges that if Franchisor chooses to do so in the future, Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products and equipment included as part of the System.

17. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction,

award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or other proceedings brought by Franchisee against its employees, customers or other persons. The Franchisee shall give advance written notice of Franchisee's intent to institute legal action against third parties or us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchise shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor. In addition, should your business be interrupted for any reason and you are receiving business interruption insurance payments, the gross amount of these payments will be considered to be gross receipts and will be subject to the monthly royalty fee, POS license fee, and advertising fee.

C. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, lien, or attachment by a creditor to occur against the premises of the Business, or any improvements thereon.

18. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of Franchisor's officers, owners, agents, directors, shareholders or employees. Franchisee further understands and agrees that Franchisor, and its officers, owners, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "claim, loss or obligation" will include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold Franchisor and Franchisor's officers, owners, agents, directors, members, partners, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any security claims, claims of injury, claims of theft, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee's ownership, operation and/or management of the Business) and/or any referral, service provider,

supplier or other agent/independent contractor or employee of Franchisee including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Name, Mark, patent or copyright or any misuse of the Confidential Information. This provision includes all claims as indicated above, of Franchisor, directly against Franchisee (without a third party involvement) due to acts or omissions of Franchisee or Franchisor in which Franchisor suffers damages including but not limited to, harm to its goodwill and reputation.

Franchisor will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim, arbitration, against and/or including us and/or the Franchisor-related persons/entities, or affecting our and/or their interests with no obligation to you and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive the termination or expiration of this Agreement.

19. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The parties agree that each covenant herein shall be 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 to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees 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 made a part of this Agreement.

B. Franchisee's Principals

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders, officers, directors and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 9 of this Agreement.

C. Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation: methods and strategies; vendors and supplier relationships, build-out specifications, design, décor and signage; operational procedures, customer service standards, employee hiring guidelines, security measures, fee strategies, promotional programs, advertising and marketing materials of Franchisor and the PLAYlive System. Franchisee acknowledges and agrees that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed or was at any time during the prior twelve months employed by us or by any other Franchisee or affiliate of ours, or otherwise directly or indirectly induce such person to leave his or her employment.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period of two (2) years from the date of: (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent

jurisdiction with respect to any of the foregoing or with respect to the enforcement of this Section 19(C), either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any type of business using any aspect of the PLAYlive System, the overall PLAYlive Nation™ business concept, with similar Services and/or products of a PLAYlive Nation™ Business within a twenty-five (25) mile radius of the business location designated hereunder, or within a twenty-five (25) mile radius of any other The PLAYlive System franchise in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of Franchisor's training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section 19 or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants Franchisor an option to purchase Franchisee's business on expiration or termination of this Agreement. Franchisor will exercise this option by giving thirty (30) days' written notice to Franchisee (Sections 22(C) and 22(E)). On termination or expiration, Franchisee will deliver to Franchisor a list of these Assets (as described in Section 24(G)) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section 19(C) hereof shall not apply to ownership by Franchisee or any of its Owners of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or any customers of its Business or any other Franchisee including company-owned businesses with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or
2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or
3. Induce, directly or indirectly, any person who is at that time employed by Franchisor or by any other Franchisee of Franchisor, to leave his or her employment.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which it is entitled, in order to protect its Names, Marks, Services, products (if Franchisor chooses to develop and/or sell products), Confidential Information, proprietary materials and rights, and goodwill, Franchisor may seek a permanent injunction and preliminary or temporary equitable relief Franchisor deems necessary, to restrain the violation of this Agreement by Franchisee

or any persons, parties, and entities acting for Franchisee. Franchisee agrees that Franchisor may obtain injunctive relief and enter it in any court that Franchisor deems appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of Franchisor to avoid irreparable harm and to protect, Franchisor's Names and Marks, Services, products, Confidential Information, programs, methods of operation, copyrighted materials, patents, trade secrets, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that Franchisor has an adequate remedy at law. Franchisee further waives any requirement that Franchisor post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section 19. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section 19.

H. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 19 and there shall be no set off for your claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section 19.

I. Disclosure of Contact Information in FDD

Franchisee must provide specific contact information which will be included in our Franchise Disclosure Document in the future, as required by California and other state agencies and the Federal Trade Commission, and will often result in prospective franchisees contacting Franchisee.

20. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

The Franchisor shall provide the Franchisee with the following assistance and services:

A. The Training Program

Franchisor will provide the initial training program at its headquarters or another location of its choice. Initial training will take place after Franchisee pays the initial Franchisee fee, but before Franchisee opens the franchised business. Franchisor will provide this initial training five (5) day training program at corporate headquarters without charge for up to three individuals, being the Owners, General Manager, first manager or key personnel as designated by Franchisee no later than thirty (30) days before the date the Franchisee anticipates opening the Business. The Initial Franchise Fee includes an affiliate regional Web page housed within our national Website, a five (5) day initial training program, manuals and up to two (2) days of on-site guidance, pre-opening assistance and grand opening assistance and five (5) days of training after the grand opening. If in Franchisor's sole discretion Franchisee needs additional training, Franchisor shall furnish such training and Franchisee shall pay for the additional training at \$300.00 per day.

Franchisee will, however, be responsible for travel, accommodation and other costs for all its attendees. Franchisee must attend and satisfactorily complete training within thirty (30) days before the date the Franchisee anticipates opening the Business. If Franchisee fails to timely complete the initial training program to Franchisor's satisfaction, Franchisor may terminate this Agreement as described in Section 23(C). Thereafter, any Owner and/or General Manager designated by Franchisee replacing a previously trained Owner or General Manager must be trained by Franchisor within thirty (30) days of first employment, at Franchisee's cost as provided below. The operation of the PLAYlive Business will require the owner or manager plus one minimum part-time employee of not less than 15 hours per week to manage the location. All employees will have a PLAYlive account and be required to complete the certification requirements as set forth in the PLAYlive System and Operations Manual.

Franchisor may reasonably require Franchisee, its Owners or General Managers to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Franchisee may be required to pay for such training for a training fee of up to \$300 per person per day. Franchisee must also pay travel, food, and accommodations and all other related expenses. Franchisor will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, Franchisor may provide additional training to Franchisee for Franchisee's Owners and/or General Manager at Franchisee's request. Franchisee may be required to pay Franchisor the charges that Franchisor reasonably determines. Franchisee will be responsible for travel, room and board and other expenses of trainees.

Franchisor offers training resources, such as a Pre-Opening Manual, to assist franchisees at their business location. Franchisee shall give Franchisor not less than two (2) weeks of notice of when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and Franchisor.

- (i) Franchisor shall also offer additional training resources to the Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference and information available through the franchise Web page for the benefit of the Franchisee and the Franchisee's employees. Franchisor may charge a reasonable fee for additional training if deemed appropriate (distinct from Continuing Education) but not to exceed a pro-rated amount of the advanced/additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending Franchisor's training shall be paid by Franchisee.
- (ii) The Franchisor may conduct an annual conference at such place as shall be designated by it for all Franchisees but initially will most likely be the Franchisor's headquarters. A registration fee for each participant may be required not to exceed \$500 per person and our expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.
- (iii) Franchisor may provide Continuing Education sessions at locations designated by it but most likely at our headquarters. Continuing Education sessions may have a registration charge of \$300 per day per person. The Franchisee is also responsible for costs associated with attending the meetings such as travel, room and board. The programs will normally not exceed one day and Franchisor expects to have quarterly programs subject to special need. The content will cover particular aspects the franchise including but not limited to industry developments, new services, repair center services, promotions, operational and

customer service standards, software developments, sales and marketing, administration and so forth. Franchisor reserves the right to increase the fee for the per person per day fee amount based on reasonable criteria.

Franchisor may also offer additional training resources to the Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, product training programs, annual convention and information available through the Franchisor's Website for the benefit of the Franchisee and the Franchisee's employees. Franchisor may charge a reasonable fee for additional training if deemed appropriate. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by the Franchisee.

As part of the initial training program, Franchisor will provide Franchisee with: a list of approved Services Franchisee can offer, techniques in efficiencies, operational standards, customer service standards, employee hiring guidelines, security procedures, promotional and discount programs, suggested fees for Gaming Services in addition to software programs that are required in the operation of the Business. Franchisor reserves the right, in its sole discretion, to add, modify and change such training from time to time. Franchisee will be responsible for all costs associated with the administration of such changes.

Franchisor will provide Franchisee with any Software necessary to carry on the Business. Training for the Software and all other software programs necessary to run the Business will be provided by Franchisor as part of the initial franchise training program. Franchisor may update and make changes to the Software as it deems necessary. Franchisor will also provide recommendations for other software programs necessary for the operation of the Business. All costs associated with installation, upgrading, protecting and maintaining the computers, and all software programs necessary for the operation of the Business are the sole responsibility of the Franchisee.

Franchisor shall also provide guidance and specifications for the all furniture, fixtures, computers, software, signage, products and supplies necessary to operate the Business. Franchisor will provide Franchisee with a list of approved vendors and/or suppliers for all such furniture, fixtures, computers, software, signage, products and supplies that Franchisee is authorized to use in its Business. In addition, Franchisor shall provide guidance for establishing standardized accounting, bookkeeping, cost management and inventory tracking systems. Franchisor will provide Franchisee with all update and upgrade requirements for the computers, and related software programs in response to changes in the Operations Manual, or changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

Franchisor will provide up to two (2) days of pre-opening and/or grand opening supervision and assistance at Franchisee's Business. Such assistance shall be completed within thirty (30) days once the Business is open for operation and after the initial five (5) day training has been completed to Franchisor's satisfaction. Any costs associated with the pre-opening/grand opening supervision and assistance is incurred by the Franchisor as well as the five (5) day training at the Business location. Additional support requested by Franchisee will be subject to the training charges as described in Section 20(A).

Franchisor will provide guidance and assistance to Franchisee when applying for all required certifications, permits and registrations as required for the operation of the Business. It is Franchisee's sole responsibility to obtain such certifications, permits, registrations and to comply with all federal and state laws, ordinance and regulations. Franchisee is responsible for all costs associated with obtaining such approvals.

Franchisor will provide ongoing guidance in the operation of Franchisee's Business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an Internet system, free of charge, to answer questions from Franchisee and its staff (responses to be provided as promptly as possible during regular business hours Pacific Time Zone). Guidance may also be

furnished in writing, telephonically, through training programs and/or on site consultations, Web based computer training, among other methods. On site consultations are subject to additional training fees (as mentioned above) in addition to any and all traveling, living and/or other expenses incurred by the Franchisor and shall be paid by Franchisee.

Franchisor may, from time to time, provide to Franchisee, at Franchisor's expense, such advertising and promotional plans and materials for local advertising as described in Section 12(L) of this Agreement and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section 12(M).

Franchisor may provide memos, newsletters, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on Franchisor's behalf regarding its plans, policies, developments and activities. In addition, we will provide such communication concerning new services, software, industry developments, operating procedures, training, marketing, advertising and improvements to management that we feel are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. Franchisor may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to Franchisees. The Franchisor has the power to dissolve, merge, or change such peer advisory groups.

Franchisor will provide a telephone help line, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, Pacific Time Zone). Franchisee will be able to send us questions and suggestions using email or intranet system as described above. Franchisor will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

All obligations of Franchisor under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Web Page

Franchisor will provide to Franchisee a PLAYlive Nation™ URL housed within the corporate Website that may include interactive functionality and portals online for additional training, advertising, operational and support materials. Franchisee may customize parts of the Web page with Franchisor's approval, however the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the Web page and/or any Website promotions over the Internet must be performed by Franchisor, its affiliates and/or approved vendors. Upon approval of Franchisee's request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without Franchisor's prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Business as described in Section 6 of this Agreement. The Franchisor shall own all copyright and other intellectual property rights to the Web page, as well as the contents of the corporate Website or any other Website upon expiration or termination of this Agreement as described in Section 24(E). This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

C. Site Selection

The Franchisee has the responsibility for selecting a site for the Business. The Franchisor will review Site Submittal Package and approve or disapprove the location of the Business and will not unreasonably withhold its approval. Franchisor shall have the right, but not the obligation, to inspect the Business prior to opening.

The Franchisor does not represent that Franchisor has any special expertise in selecting sites. Franchisor approval of a site is not a representation or warranty that PLAYlive Nation™ Business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that Franchisor's approval or disapproval of a proposed site does not impose any liability on Franchisor.

Franchisor will provide guidance to Franchisee in Franchisee's efforts to obtain all licenses, permits and approvals required by governmental agencies to construct and operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such licenses, permits and approvals and all out of pocket costs associated with obtaining and maintaining such licenses, permits and approvals as described in Section 12(C) of this Agreement.

D. Business Layout and Design

Franchisor will assist the Franchisee in the review of the layout and design of the Business prior to the Franchisee signing a lease. The costs of leasehold improvements, furniture, fixtures, computers, signage and décor for finishing out the Business are the responsibility of the Franchisee. The Franchisee is responsible for all lease negotiations.

Franchisor will make available, at no charge to Franchisee, and will advise Franchisee with regards to architectural plans, floor plans and mandatory specifications for the construction of a PLAYlive Nation™ Business which includes the exterior and interior design and layout that ~~includes:~~includes furnishings, fixtures, décor items and signage. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, the standard specifications to the Business location, subject to Franchisor's approval, as provided in Section 12(R) of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria.

Franchisee understands and acknowledges that Franchisor has the right to modify the architectural plans and specifications as Franchisor deems appropriate, periodically (however Franchisor will not modify the architectural plans and specifications for the Business developed pursuant to this Agreement once those architectural plans and specifications have been approved by Franchisor and given to Franchisee).

E. Hiring Employees

Franchisor will provide Franchisee with recommended qualification processes and comprehensive hiring guidelines when approving Employees (defined in Section 12(F) of this Agreement) for the PLAYlive Nation™ Business. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at Franchisor's discretion. Franchisee can negotiate any rate for employees. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring employees. Franchisee acknowledges that Franchisor has made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with employees are the sole responsibility of the Franchisee.

F. No Warranties Other than in Writing

With respect to any computers, software, signage, products, supplies and/or services provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties

expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability, quality of such items, accuracy of informational content, system integration and suitability for a particular purpose being expressly disclaimed. Franchisor makes no warranties regarding any open source code contained in the POS that the Franchisor provides to the Franchisee. Franchisor does not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

Franchisor is not liable for any guarantee or warranty that Franchisee or any Owners, managers, agents or employees make to a customer or third party. Franchisee will fully comply with any Franchisor customer service program. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee if such program is implemented.

G. Operations Manuals

Franchisor will continue its efforts to improve on the methods of operations. Franchisor will lend Franchisee the confidential Operations Manual, Manager Training Manual, Staffing Training Manual, and Technical Training Manual for the initial Franchisee training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Manager Training Manual, Staffing Training Manual, Technical Training Manual, or the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to Franchisor, Franchisee must replace the Manual at its own expense.

Franchisee shall at all times treat the Operations Manual, Manager Training Manual, Staffing Training Manual, and Technical Training Manual and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a PLAYlive Nation™ Business, and any supplements thereto, and the information contained therein, in trust and as Confidential Information, as well as the trade secrets of the Franchisor, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manual, Manager Training Manual, Staffing Training Manual, and Technical Training Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of Franchisor and shall at all times be kept and maintained in a secure place at the Business premises.

Franchisor may from time to time revise the contents of the Operation Manual, Manager Training Manual, Staffing Training Manual, Technical Training Manual and the contents of any materials created or approved for use in the operation of the Business, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

Any suggestions the Franchisee may have concerning the improvement of our national and/or of Franchisee Web page, facilities, Services, service format, products, advertising, promotional and marketing material are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

H. Using Products and Vendors for the Business

During the initial training program, Franchisor shall provide Franchisee with a list of approved products, vendors and suppliers that Franchisee may use in the operation of the Business. Such products include computers, software, furnishings, fixtures, signage, credit card processing equipment, signage, merchant services, proprietary products, advertising, promotional and marketing materials and products necessary for the operation of the Business. Franchisor may make arrangements with vendors for certain products at negotiated costs that would benefit the entire System. Franchisee will be required to submit in writing alternate products, vendors or suppliers to Franchisor for approval as

described in Section 12(I) of this Agreement. The Franchisee acknowledges that the Franchisor may receive royalties and/or other payments from some or all of the approved vendors.

Franchisor will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of such products for purchase by Franchisee. Franchisor may require that the Franchisee purchase such items from us or our affiliates. All items that are provided by us or our affiliates will be competitively priced, taking into account equivalent quality and other reasonable considerations.

Franchisor reserves the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion as more fully described in Section 10(B). Franchisor reserves the right to require Franchisees to purchase all computers, software, furnishings, fixtures, signage, credit card processing equipment, signage, merchant services, proprietary products, advertising, promotional and marketing materials through Franchisor's proprietary business to business intranet system.

We or our affiliates may derive revenues or profits, or obtain other consideration, from your dealing with are approved vendors, or other suppliers. You acknowledge and agree that we have the right to receive payments, discounts, promotional allowances, and other payments from any supplier based on your purchases and the purchases of our other franchisees. Additionally, we have the right, and you acknowledge and agree that we are entitled, to derive revenues, profits and other consideration from your purchases from us or our affiliates.

I. Advertising and Promotion

The Franchisor shall develop and provide creative materials that could be used for local and regional advertising and make such advertising and promotional materials available to its Franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. The Franchisor will provide specific guidelines for advertising, marketing and promotions initiated by individual Franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in the Franchisor's opinion, is not in accordance with these guidelines. Franchisor shall approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 20 days. If we do not respond within 20 days, the material is deemed disapproved. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in the Franchisor's opinion, be detrimental to any franchisee or any part of the System or the Franchise.

Franchisor shall have the exclusive right to develop an in-store advertising campaign with third party companies advertising their businesses on the flat screen televisions at the Franchise location. The advertising revenue shall be divided equally between Franchisor and Franchisee after all Franchisor operating costs have been reimbursed. Any flat screen advertising revenue received by Franchisee shall be subject to royalties as set forth in Section 10(A) of this Agreement. The in-store advertising campaign is separate from the required 1% National Advertising fund that Franchisee is required to participate in. Franchisor shall also have the exclusive rights to any advertising on the walls or ceiling of the Franchise location. Any advertising revenue generated from any advertising placed on the walls or ceiling of the Franchise location shall be Franchisor's.

Photo/Video Release. You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with authorization.

J. Suggested Pricing for Products and Services

Franchisor will provide Franchisee with guidance and suggested fees for Services and pricing for products offered by its Franchisees. Franchisee shall have the right to offer Services and products at any price Franchisee may determine, except that we reserve the right, to establish minimum and maximum fees for Services or pricing for any given product nationwide to the extent allowed by federal and state laws as explained in Section 12(H). Suggested fees for Services and pricing for products may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service or product at any fee or price point recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Services or products at the recommended prices will enhance Franchisee's sales or profits.

Franchisor will provide to Franchisee a sample set of forms including policies, waivers, customer agreements, promotional and marketing materials in addition to various operational forms for use in the Business. Franchisor does not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws and regulations. At Franchisor's discretion, any and all forms used by Franchisee shall be subject to Franchisor's review and approval and Franchisor's decision of such approval will be provided within thirty (30) days after such forms are received by Franchisor.

Franchisor will continue to research and develop new Services and products as Franchisor deems appropriate in its sole discretion. Franchisor may conduct market research and testing to determine consumer trends and salability of new Services and products. If Franchisor chooses Franchisee, Franchisee will participate in a market research program to test marketing new Service or product in the Business and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products or services being tested and to effectively promote and make a good faith effort to use and/or sell them.

Franchisee shall participate in and comply with all sales and promotional programs disseminated by us periodically.

K. Business Planning Assistance

After Franchisee signs this Agreement, Franchisor may review and comment on any business plan and pro forma financial projections Franchisee prepares. Franchisor does not represent that Franchisor has any special expertise in reviewing or developing business plans. Franchisor's review and commentary of a business plan or financial pro forma is not a representation or warranty that the Franchisee's Business will be profitable or that Franchisee's sales, volume, or revenues will attain any pre-determined levels. Franchisee acknowledges that it is solely responsible for preparing the entire business plan and its contents, and therefore no such business plan is an earnings claim on the Franchisor's part. Franchisor's review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on Franchisor.

21. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based upon the peculiarities of a particular Business or circumstance, physical characteristics, freeway access, business potential, density of population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other Franchisee and shall not be

entitled to require Franchisor to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly require the Franchisor to grant such a similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other Franchisee(s). You, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the PLAYlive System must be vested in us. So long as we act in material compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

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22. **RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS**

A. Relocation

Any relocation (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at your sole expense and (4) will require that you (and each Owner if an Entity) sign a general release.

B. Assignment by Franchisee

Franchisee will not voluntarily or involuntarily transfer or encumber any interest in or ownership or control of Franchisee, the franchised business or this Agreement (however Franchisee is allowed to transfer up to 20% interest or ownership to a wholly owned entity as described below), except in the ordinary course, of the franchised business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without Franchisor's prior written consent, which will not be unreasonably withheld. Any attempted transfer of any interest in the Business without Franchisor's prior written consent will be a default under the terms of this Agreement, and will be voidable by Franchisor. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with Franchisor, Franchisor's affiliates and all suppliers;
2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet the then-applicable standards of Franchisor;
3. The proposed transferee (or its owners if an entity, managers, directors or officers) must not operate a franchise, license another or operate businesses offering services and products similar to those offered by a PLAYlive Nation™ Business without Franchisor's permission;
4. Franchisor shall charge a transfer fee of \$10,000 to Franchisee. The transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, telephone charges, out of pocket costs properly attributable to the transfer). In addition if the transferee was already in Franchisor's lead database at the time of first contact between Franchisee and the transferee, the Franchisor may require Franchisee to pay the \$10,000 above, plus the amount of any broker fees that Franchisor is responsible for paying to third parties (does not include employees of Franchisor);
5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost of \$300 per person per day and our expenses, subject to increase from time to time. Franchisor shall have the right to require transferee and its owners to execute a general release of Franchisor in a form satisfactory to Franchisor's counsel as a condition to its approval of any transfer of the Franchise;
6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement;
9. The transferee must meet Franchisor's subjective and objective standards, including all quality standards, experience, talent, skills, educational, managerial, business and financial capacity; has the aptitude and ability to operate a PLAYlive Nation™ Business; and has adequate financial resources and capital to operate the Business; and the transferee's General Manager must complete the training program to our satisfaction;
10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then-current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then-current form of this Agreement being used by us, but, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement. In addition to the then-current franchise agreement being used by us, the transferee shall sign all other ancillary agreements as we may require for the Business, which Agreements shall supersede this Agreement in all respects and the terms of which Agreements may differ from the terms of this Agreement, including, without limitation, a higher Franchise Fee, royalty rate, renewal rights and advertising contribution;
11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the PLAYlive System and shall complete the upgrading and other requirements within the time specified by us;
12. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;
13. Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the transfer;
14. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;
15. Franchisee may transfer up to 20% of its rights and obligations under this Agreement to a wholly owned entity. Franchisee must promptly agree in writing to personally guarantee the obligations of the entity under this Agreement. Franchisee's transfer of an aggregate of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;
16. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

17. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;
18. Franchisee agrees that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;
19. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;
20. Franchisee and its Owners and/or Principals will agree not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 19(C) of this Agreement; and
21. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other PLAYlive Nation™ Business that Franchisee or its Principals own and operate) identify itself or any business as a current or former PLAYlive Nation™ Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a PLAYlive Nation™ Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections 24(A) and 24(C) of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or Lender financed. In addition to all other grounds for rejection, the Franchisor has the right to reject any proposed purchase of the assets of the Franchised business or the stock, membership units, or partnership units of the Franchised business on the grounds that the proposed Franchisee has in the sole opinion of the Franchisor taken on too much debt to successfully manage a PLAYlive Nation™ Business.

C. Assignment by Franchisor and Right of First Refusal

Franchisor has an unrestricted right to transfer or assign its rights or obligations under this Agreement to any transferee or legal successor of Franchisor and will give Franchisee thirty (30) days written notice of Franchisor's decision to exercise this right.

We have a right of first refusal regarding any proposed transfer by Franchisee subject to this Agreement that are subject to and proceed according to Section 22(B) of this Agreement. For each non-excluded proposed transfer, during the term of this Agreement, if Franchisee, any of its Owners wish to sell or otherwise transfer an interest in this Agreement, a PLAYlive Nation™ Franchised Business, or an ownership interest in Franchisee (except Franchisor's right of first refusal will not be exercised as described above), then you will comply with the requirements of Sections 22(B), 22(C), 22(E) and 24(G) of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed transfer and then send us written updates of the

status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before moving forward with any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit of \$5,000 (if a proposed disposition is part of a transaction involving additional PLAYlive Nation™ Businesses, operating under other Franchise Agreements or license agreements with us, the proposed buyer must pay Franchisee this earnest money deposit for each PLAYlive Nation™ Business involved).

If we do not exercise our right of first refusal, the Franchisee or its Owners may complete the transfer to the proposed buyer on the original offer's terms, but subject to our approval of the transfer as provided in Section 22(B) above and further provided, after the transfer, the PLAYlive Nation™ Business, must continue to operate as a PLAYlive Nation™ Business. This means that, even if we do not exercise our right of first refusal, if the proposed transfer otherwise is not in compliance with any of the terms under Section 22(B) and Section 22(C) above, Franchisee and its Owners may not move forward with the transfer at all. If, after the transfer is determined to be valid, Franchisee no longer continues to operate a PLAYlive Nation™ Business, or any other type of materially related business, then Franchisee may complete the sale (with our approval) to the proposed buyer as long as Franchisee complies with Section 22(E) of this Agreement. If the sale is not consummated, Franchisor's right shall continue as described below.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in a PLAYlive Nation™ Business, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by Franchisor within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, 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 six (6) months, Franchisor may terminate this Agreement.

Upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal or an Owner, a manager shall be employed for the operation of the Business who has successfully completed Franchisor's training courses to operate the Business on behalf of the Franchisee. If after the death or disability of the Principal, the Business is not being managed by such trained manager, Franchisor is authorized to appoint a manager to maintain the operation of the Business until an approved transferee or manager will be able to assume the management and operation of the Business, but no such operation and management of the Business will continue for more than ninety (90) days without the approval of the personal representative of the Principal (renewable as necessary for up to one year) and Franchisor will periodically discuss the status of the Business with the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to the Fees due,

Franchisor shall charge such fund the full amount of the direct expenses incurred by Franchisor during such period of management for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Franchisor appointed or approved manager.

Within thirty (30) days after any transfer to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify Franchisor in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer except that there will be no transfer fee.

E. Sale of Franchised Business

If Franchisee (or its Owners) desires to sell PLAYlive Nation™ franchised business, then within ten (10) days after receipt by Franchisee (or its heirs, estate, guardian, trustee or assigns) of a bona fide offer acceptable to Franchisee to buy the franchised business, Franchisee will notify Franchisor of the offer in writing, enclosing a signed copy of the offer. Franchisor or its assignee may then purchase (exercise its right of first refusal as described in Section 2(C)) and acquire the franchised business and Franchisee's rights under this Agreement at the price and on the same terms and conditions as offered to Franchisee. Franchisor may substitute cash for any other form of consideration contained in the offer and, at Franchisor's option, may pay the entire purchase price at closing. Franchisor may exercise this right to purchase in writing within thirty (30) days after receiving Franchisee's written notice.

If Franchisor does not exercise its right to purchase within thirty (30) days, Franchisee may thereafter sell the franchised business to a third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Sale is subject to Franchisor's prior written approval as specified in this Agreement. If Franchisee does not sell the franchised business to the proposed purchaser within ninety (90) days from the date it is offered to Franchisor, then Franchisee must again extend the first right of refusal to Franchisor before transfer to a third party.

To enable Franchisor to determine whether it will exercise its option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as Franchisor may require (as noted below). In the event that Franchisor elects to purchase said interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase said Interest by Franchisor. Failure of Franchisor to exercise the option afforded by this Section 22(D) shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 22(B), with respect to a proposed transfer of any interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that Franchisee supplies to Franchisor which consists of Franchisee's PLAYlive Nation™ financial statements (including monthly revenue information) for the preceding three (3) years, a copy of PLAYlive Nation™ current lease or sublease (if we do not already have it), information about the number and compensation of employees working at PLAYlive Nation™ Business, customer records (that are allowed under law) and the Franchisee's merchant account printouts for the past three (3) years, and Franchisee's bank deposits for the past three (3) years. If we notify Franchisee within thirty (30) days after the Trigger Date (the "First Notice Deadline") that we are

preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "Due Diligence Deadline". If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

1. We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);
2. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes; we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination). Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;
3. We will have an additional thirty (30) days after the Due Diligence Deadline to close; and
4. Franchisor must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:
 - (i) Ownership and condition of and title to ownership interests and/or;
 - (ii) Liens and encumbrances relating to ownership interests and/or assets;
 - (iii) Validity of contracts and the liabilities, contingent or otherwise, of the entity, whose ownership interests are being purchased;
 - (iv) All products, supplies, computers, servers, software and vehicles (if applicable) are in good working condition and suitable for use;
 - (v) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or owners arising out of the Franchisee's business;
 - (vi) There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;
 - (vii) The Franchisee has the authority to sell the assets of its business, including a copy of all director and/or owner resolutions;
 - (viii) The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;
 - (ix) There will be no material adverse change in the operation of the Franchisee's business between the Date of Signature of any Asset Purchase Agreement, and the Date of Settlement; and
 - (x) The Franchisee will not enter into any transaction between the Date of Signature and the Date of Settlement other than in the ordinary course of business.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to Franchisor), Franchisor will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions of this Section 22(E), as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining the prior written approval of Franchisor, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither Franchisor nor its employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that Franchisor has a reasonable time to review any reference to Franchisor or its franchisees in any prospectus or offering documents before their distribution or use, (iv) pay Franchisor actual legal costs incurred for its review, (v) indemnify Franchisor, its officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as Franchisor may reasonably require and (vii) disclose the Franchisor's ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. Franchisor and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that, then applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request Franchisor's assistance in locating a buyer for the PLAYlive Nation™ Business. Franchisor may, at Franchisor's option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. Franchisor reserves the right to charge Franchisee a fee ("Resale Fee") to cover Franchisor's reasonable costs and expenses (including the time committed by Franchisor's employees) incurred in providing such assistance. If Franchisor elects to assist Franchisee in finding a buyer for the Business in any way, Franchisor makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. Franchisor reserves the right to reject any proposed sale based on Franchisor's determination, in Franchisor's sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting Franchisor's assistance Franchisee waives any liability claims it may have against Franchisor for such rejection.

23. TERMINATION OF FRANCHISE

A. Impact of Statutes Upon Franchise Agreement

The California Franchise Relations Act (Business and Professions Code, Section 20000 through 20043), became effective October 1, 1982. This Act provides certain rights to Franchisees located in California, including: (1) limitations on Franchisor's ability to terminate a franchise except for good cause; (2) restrictions on Franchisor's ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of Franchisees when a franchise is terminated or not renewed in violation of the statute; and (4)

provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of the Act, the terms of the Act may control in California.

Termination or modification of a lease or contract on the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisor may terminate this Agreement by written notice to Franchisee for Franchisee's material breach of this Agreement or of any other agreement between Franchisee and Franchisor or its affiliates, if Franchisee fails to cure the breach within thirty (30) days after written notice is delivered to Franchisee, provided that this Agreement does not prescribe a different cure period for such breach. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days.

Franchisor may invoke its rights under this Section 23(B) if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and Franchisor (and/or their respective affiliates).

C. Termination of Franchise Without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee or any of its Owners does any of the following:

1. Fails to open the PLAYlive Nation™ Business within the time limits as provided in Section 9(A) above;
2. Fails to attend and satisfactorily complete the initial training program within thirty (30) days of the date Franchisee anticipates opening the Business;
3. Attends the initial franchise training program and Franchisor determines, in its sole discretion, that the Franchisee, managing partner, shareholder or General Manager has failed the initial training program and is deemed not qualified to manage a PLAYlive Nation™ Business;
4. Abandons, surrenders, or transfers control of the operation of the Business to a third party other than another owner or Manager without our permission or fails to continuously and actively operate the Business unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute, Franchisor's permission or other events beyond Franchisee's reasonable control;

5. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due any financial statement, tax return or schedule of the Franchise or to pay when due Royalty Fees, Advertising Fees, ~~Insurance Compliance Fee~~, License Fee or any other payments due Franchisor or its affiliate;
6. Operates the Business in a manner that presents a safety, health or environmental hazard to customers, violates any federal, state, or local law, rule, regulation or ordinance (which includes failure to hire, qualify and train employees as described in Section 12(F) as per our guidelines and standards as specified in the Operations Manual);
7. Unable to provide services and/or products associated with the PLAYlive System; if any business license, permit, certification or registration required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;
8. Fails, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of a PLAYlive Nation™ Business;
9. Violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Business (including operating any vehicles, if applicable) in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours after Franchisee receives notice from us or another party unless shorter period for cure provided pursuant to Section 22(B);
10. Makes a material misrepresentation or omission on the application for the Franchise;
11. Transfers, assigns or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;
12. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by Franchisor;
13. Fails to comply with modifications to System standards as required by us within a 120-day period from the time of written notice by Franchisor;
14. Engages in any other activity, which has a material adverse effect on Franchisor or the Names and Marks;
15. Makes or allows any unauthorized use or copy of our Confidential Information, Proprietary Products and/or POS or seeks to challenge our ownership rights in the PLAYlive System, including our Confidential Information, Proprietary Products and/or Software;
16. Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, Proprietary Products and/or POS;
17. Manufactures or produces any product that is similar to, or competes with any of our products, Proprietary Products or third party products offered or used in the Business without the advanced written consent of the Franchisor;
18. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to

distribute any products, Proprietary Products or third party products without our written consent;

19. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;
20. Exhibits a reckless disregard for the physical or mental well-being of employees, customers, Franchisor or its representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;
21. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section 13 of this Agreement or fails to provide copies of the Certificate of Insurance and a certified copy of the insurance policies to the Franchisor, affiliates of Franchisor or third party vendors insuring Annual Insurance Compliance;
22. Fails or refuses to: cease using and/or remove any product or other items from the Business deemed to constitute a violation of this Agreement by Franchisor; (ii) perform Services according to Franchisor's standards; and/or (iii) purchase products, supplies, computers, software, signage, advertising and marketing materials from Franchisor, its affiliates or approved vendors and suppliers;
23. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, Websites, links, metatags, locators, search techniques and co-branding arrangements without Franchisor's prior written consent;
24. Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged and convicted of a crime of moral turpitude;
25. Engages in unfair business practices or unethical conduct;
26. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed); or if Franchisee is dissolved or extinguished;
27. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
28. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchisee, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;
29. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;
30. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

31. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.
32. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;
33. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;
34. If, any material violation of the terms of Sections 12, 16, 20 and/or 22;
35. If Franchisee maintains false books or records, or submits any false reports to Franchisor;
36. If any inspection of Franchisee's records discloses an under-statement of payments due to Franchisor of two percent (2%) or more, two or more times in any two (2) year period; or
37. If Franchisee's business has six (6) or more material customer complaints reported to a governmental entity or other public forum (material complaints are determined in Franchisor's sole and absolute discretion) with respect to the Business in any twelve (12) month period.
38. Franchisee or any of its guarantors shall be in default of the terms of any other Franchise Agreement or any other agreement with Franchisor or its Affiliates.

D. Termination by Franchisee

If Franchisor violates a material and substantial provision of the Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) days after receiving written notice from Franchisee detailing Franchisor's alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of a material and substantial provision of this Agreement by Franchisor and Franchisor's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause. On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect. If Franchisee continues in a similar or competitive business, or assigns or sells ownership or assets other than in compliance with this Agreement (including Section 23), Franchisor will be entitled to its royalties and other fees for either the remaining of the term of this Agreement or three (3) years (whichever comes first) and to all other applicable remedies.

24. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services and products associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the PLAYlive System. In particular, Franchisee shall cease to use, without limitation, all signage (including on vehicles if applicable), advertising materials, stationery, forms and any other articles, which display the Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, building and structures so as to effectively distinguish the surviving business entity, if any, from its

former appearance as a PLAYlive Nation™ Business, and from other existing PLAYlive Nation™ Businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to the Franchisor.

B. Franchisee Shall Cease Operating Business

Franchisee shall immediately cease to operate PLAYlive Nation™ Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

Franchisee must immediately tender all new and unexpired inventories of Franchisor's Proprietary Products to Franchisor and/or Franchisor's designated affiliates or destroy, if notified by Franchisor in writing to do so, all inventory of Franchisor's branded products in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section 24(G) of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names, Marks and trade dress, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, listings and location contacts for the Business to Franchisor or its designee, including but not limited to authorizing all telephone, Internet, email, electronic network, directory and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Websites

Upon termination or expiration of this Agreement, Franchisee agrees that, Franchisor will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of your right to use all domain names, Websites and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, Websites and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, Websites and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, Websites and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that you may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Operation Manual, training materials and any other materials, which have been

loaned to Franchisee by Franchisor. Franchisee further agrees to turn over to Franchisor all items containing any of the Marks, and all customer lists and contracts for the franchised business.

G. Franchisor May Purchase Assets

Franchisor shall have the right of first refusal to purchase or assume Franchisee's interest in the franchised business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means leasehold improvements, computers, televisions, furnishings, fixtures, signage, products, social digital games, inventory (products, materials and supplies in addition to all advertising and marketing materials), and the lease or sublease for the Business. This right is governed by time limits and procedures described in this Agreement with respect to Franchisor's right of first refusal in the event of an assignment. If Franchisor exercises its right of first refusal, Franchisee must transfer Franchisee's interest in the franchised business and in the Assets.

Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets and items bearing Franchisor's Names and Marks, at fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost; and for any items that display the Marks, the fair market value is agreed to be zero. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

H. Franchisee Must Pay Monies Owed to Franchisor: Liquidated Damages

Franchisee shall pay to Franchisor or its affiliates, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, Licensing Fee, System Advertising Fund contributions, other advertising fees, payments or any other sums owed to Franchisor or its affiliates by Franchisee, which are then unpaid. Franchisee shall pay to Franchisor or its affiliates all damages, costs, and expenses, including reasonable attorney's fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provisions of Sections 19 and 24.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that it would be impossible to determine the amount of Franchisor's damages precisely, and Franchisee accordingly agrees that in such event it shall be obligated to pay to the Franchisor, as liquidated damages, and not as a penalty, all Royalty Fee, Licensing Fees, ~~Insurance-Compliance Fees~~ and System Advertising Fee payments that the Franchisor would have received, if this Agreement remained in effect until its scheduled expiration date. The Royalty Fee payment owed to Franchisor is determined by the greater of either the average contribution paid to the Franchisor during the previous twelve (12) months or Franchisee's current and remaining Royalty Months (as defined in Section 10(A)) at the time of expiration or termination of this Agreement for either the remaining term of this Agreement or a period of three (3) years (whichever comes first). The System Advertising Fund Contribution is determined based on the average contribution paid to the Franchisor during the previous twelve (12) months for either the remaining term of this Agreement or a period of three (3) years (whichever comes first). The Licensing Fee ~~and Insurance-Compliance Fee~~ is the then current monthly amount for either the remaining term of this Agreement or a period of three years whichever comes first. Such payments shall be due to the Franchisor within fifteen (15) days after the effect Date of Termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the franchised business.

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25. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that Franchisee will not withhold payments of any Royalty Fees, System Advertising Fees, License Fees, ~~Insurance Compliance Fees~~ or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to mediation and/or arbitration as provided in this Agreement. The Franchisee has no right of offset, or set off to any amounts due and owing to the Franchisor.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

C. Mediation

The parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section 24(D). Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. A mediation shall be conducted within ninety (90) days from the written demand. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the parties will agree to a date and/or certain event which will constitute a completion of the mediation process. All mediations shall be held in Glendale, Arizona last a minimum of four hours. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then the other party ("Mediating Party") the non-mediating party shall not be entitled to recover attorney's fees and costs, even if the non-mediating party were to prevail at arbitration. This mediation provision applies whether or not the arbitration is initiated. It shall be held at the same venue as for arbitration as described in Section 25(D).

D. Arbitration

Except as either party elects to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Glendale, Arizona. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association ("AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of the Franchisor or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The parties further agree that arbitration will be conducted on an

individual and not a class-wide class action or consolidated action basis. In the event a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is enforceable, then this entire commitment to arbitrate shall be null and void and the parties must submit all claims to be the courts in Maricopa County, Arizona.

The party discovering an arbitratable claim will have one (1) year from the date of discovery, in which to settle the claim or to commence arbitration on it with such time period extended to complete any mediation. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against either the Franchisor or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally and the prevailing party shall be entitled to their attorney fees, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by the Franchisor to the Franchisee under this Agreement.

E. Rights of Parties Are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Operations Manual.

F. Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section 23 of this Agreement, to collect any amounts owed to Franchisor for any unpaid Royalty Fees, Advertising Fees, License Fees, ~~Insurance Compliance Fees~~ or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement. Time expended by in-house counsel for Franchisor shall be valued at Three Hundred Dollars (\$300.00) per hour.

G. Arizona Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Arizona, and

venue for arbitration or litigation shall lie in Maricopa County, Arizona, or in the applicable United States District Court for Arizona.

H. Attorney Fees

In the event that either party incurs any expenses (including but not limited to reasonable attorneys' fees, costs and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other, including in-house counsel legal fees.

I. Our Reasonable Business Judgment Rule

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternative are available, if our decision or action is intended, in whole or significant part, to promote or benefit the PLAYlive System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the PLAYlive System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the PLAYlive System.

J. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

K. There Are No Unwritten Agreements; Operation Manual(s) are Subject to Change

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. However, the Franchisee does not waive reliance upon any warranties or representations made to it by the Franchisor in the Franchise Disclosure Document or the Franchise Agreement. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto. The Operation Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

L. Entire Agreement/Integration

This Agreement and all Schedules and Exhibits to this Agreement constitute the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between the parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for those acts permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. The Operation Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

M. Notice of Potential Profits

We and/or our affiliates may from time to time make available to you supplies, equipment, products and/or services for use in your Business on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales

of supplies, equipment, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

N. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

26. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

27. COUNTERPART

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

28. TIME IS OF THE ESSENCE

Time is of the essence. The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

29. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

30. AUTHORITY

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to Franchisor, both individually and in their capacities as Owners, partners, members, shareholders, directors and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section 22.

31. FURTHER REPRESENTATIONS AND WARRANTIES BY FRANCHISEE

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, Franchisor's Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ALL OF ITS OWNERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE UNIFORM DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED PLAYLIVE NATION™ FRANCHISES.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this PLAYlive Nation, Inc. Franchise Agreement in duplicate on this _____ day of _____, 20____.

FRANCHISOR:

Address for Notices:

PLAYlive Nation, Inc.
Attn: Duncan Wood, President
17235 North 75th Avenue, Suite ~~E-120~~F-115
Glendale, AZ 85308
Telephone: (360) 539-8667
Email: info@PLAYliveNation.com

PLAYlive Nation, Inc.

Signed: _____

Name: Duncan Wood

Title: President

Dated: _____

FRANCHISEE:

Address for Notices:

Name: _____

Address: _____

Telephone: _____

Fax: _____

Signed: _____

Name: _____

Title: _____

Date: _____

Signed: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEPOSIT)

BY AND BETWEEN PLAYLIVE NATION, INC. AND _____

The undersigned depositor ("DEPOSITOR") hereby authorizes PLAYlive Nation, Inc. ("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 and 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 shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 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) 45 days after posting, whichever occurs first, DEPOSITOR shall 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

DEPOSITORY

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

SCHEDULE 2
PLAYLIVE NATION, INC.
SOFTWARE LICENSE AGREEMENT

1. License. PLAYlive Nation, Inc. (“PLAYlive” or “Franchisor”) under this Software License Agreement (“Agreement”) grants to Franchisee a nontransferable, nonexclusive, limited license to use Franchisor’s Point-of-Sale Software (“Software”) in conjunction with the operation of the franchise in the franchise location, unless the license is earlier terminated for material breach.
2. Payment. In return for a monthly license fee of two hundred dollars (\$200) per user, payable on the fifth (5th) day of each month, Franchisor grants to Franchisee a license to use the Software at on only one computer at the franchise location. Franchisee understands and agrees that a separate license agreement must be signed and a separate Software package must be obtained for each franchise location where the Software is used.
3. Proprietary Information. The original and all copies of the Software and related material, whether copyrighted or patented, will be considered confidential and proprietary information of Franchisor, and will remain the sole property of Franchisor. Franchisee agrees to maintain the confidential and proprietary information in strict confidence. Franchisee agrees to take all reasonable steps to safeguard the confidential and proprietary information from unauthorized disclosure, theft, and third party access. The Software may not be sold, leased, assigned, sublicensed, or otherwise transferred, in whole or in part, unless otherwise permitted in writing by Franchisor. Franchisee will not copy, modify, disassemble, decompile, or otherwise misuse the Software.
4. Software Support. Franchisor will provide Software support (“Support”) as provided in the support agreement for the Software. Franchisor may, at its discretion, discontinue Support at any time.
5. Software “As Is.” Franchisee understands that the Software provided under this Agreement is provided on an “as is” basis. Franchisee further understands and acknowledges that FRANCHISOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THIS SOFTWARE, INCLUDING ITS QUALITY, PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL FRANCHISOR BE LIABLE FOR DIRECT, INDIRECT, SPECIAL INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE.
6. Termination. Franchisee agrees if either party terminates the Franchise Agreement, the Software license will be terminated immediately. Upon termination of the license, use of the licensed Software must be discontinued by Franchisee, and the license and rights granted under this Agreement will expire and Franchisee will have no further rights or access to the Software. Franchisee must return to Franchisor, all copies of the Software and related documentation.
7. Changes. Franchisee agrees to make all changes and upgrades (including, replacing the Software with new software) required by Franchisor immediately upon our notice. Franchisor will not require you to spend more than one thousand two hundred dollars (\$1,200.00) per year on changes and upgrades.
8. Consequential Damages. In no event will either party be liable to the other for the payment of any incidental or consequential damages.
9. Severability. The invalidity, in whole or in part, of any provision of this Agreement will not affect the validity of any of its provisions.

10. Assignment. Franchisee shall not assign or subcontract part or all of its responsibilities under this Agreement or an interest in it, without Franchisor's written consent. Franchisor may assign this Agreement without Franchisees consent.
11. Waiver. The failure of either party to insist on strict performance of any of the provisions of this Agreement or to exercise any right it grants will not be construed as a relinquishment or future waiver, rather, the provision or right will continue in full force. No waiver of any provision or right will be valid unless it is in writing and signed by the party giving it the waiver.
12. Taxes. Franchisee will be responsible for the payment of all taxes in connection with this Agreement, except for any tax based on Franchisor's net income.
13. Accumulation of Remedies. All remedies available to Franchisor for a breach of this Agreement are cumulative and maybe exercised concurrently or separately, and the exercise of any one remedy will not be considered an election of the remedy to the exclusion of other remedies.
14. Applicable Law. This Agreement shall be governed by the laws of Arizona.
15. Incorporation by Reference. The terms of any applicable appendix and of any agreement or other materials referred to in this Agreement are incorporated in and made a part of this Agreement.
16. Notices. Notices and other communications required by this Agreement will be in writing and will be addressed, with postage prepaid, as follows:

To PLAYlive Nation, Inc.:

Duncan Wood, President
 PLAYlive Nation, Inc.
 17235 North 75th Avenue, Suite ~~E-120F-115~~
 Glendale, AZ 85308

To Franchisee:

Or to any other address that is designated by a proper notice. Any property mailed notice will be considered to have been served as of five (5) days after its posting for purposes of establishing that the sending party complied with this Agreement's applicable time limitations, but it will not be binding on the addressee until actually received.

17. Entire Agreement. This Agreement, together with all appendices and other attachments to it, constitutes the entire agreement between the parties and supersedes all prior oral and written agreements. Amendments to this Agreement will not be effective unless in writing and signed by the party against whom enforcement of the amendment is sought.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS TO THE FOREGOING, the parties have signed this Agreement and warrant that their respective signatory whose signature appears below is duly authorized by all necessary and appropriate corporate action to sign this Agreement.

Dated: _____

FRANCHISOR

PLAYlive Nation, Inc.

By: _____
Duncan Wood, President
17235 North 75th Avenue Suite ~~E-120~~F-115
Glendale, AZ 85308

FRANCHISEE:

Signed: _____
Print Name: _____
Title: _____
Date: _____

Signed: _____
Print Name: _____
Title: _____
Date: _____

SCHEDULE 3
PLAYLIVE NATION, INC.
PRE EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement. Franchisee represents and warrants to Franchisor as follows:

1. Entities owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as _____, ("Pre-Existing Business").
2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third party rights relating to the Pre-Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of Franchisee in the Franchised Business; and
3. Other than the consents of Franchisee and Franchisor there is no other third party consent required for the acquisition of the franchise to be legally binding and effective; and
4. There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to Franchisor, and
5. The Pre-Existing Business provides the following goods and services to its customers at the following locations:

5.1 Goods and services of Pre-Existing Business (es)

5.2 Location(s) of Pre-Existing Goods Business (es)

and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as Franchised Business under the trade name "PLAYlive Nation™," and
7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business, and

8. Franchisee shall indemnify, defend and hold harmless Franchisor and its affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable attorneys' fees and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE:

Signed: _____

Print Name: _____

Title: _____

Date: _____

Signed: _____

Print Name: _____

Title: _____

Date: _____

SCHEDULE 4

PLAYLIVE NATION, INC.

EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If Franchisee is an individual or individuals, Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If Franchisee is a company, the person(s) signing on behalf of Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither Franchisee, such person, and/or any owners, officers, board members, shareholders, members, partners, similar individuals and/or affiliates/associates of Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or *affiliated* in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover Franchisee's obligations hereunder.

FRANCHISEE:

Signed: _____
Print Name: _____
Title: _____
Date: _____

Signed: _____
Print Name: _____
Title: _____
Date: _____

SCHEDULE 5
PLAYLIVE NATION, INC.
ADA & RELATED CERTIFICATIONS

PLAYlive Nation, Inc. ("Franchisor") and _____ ("Franchisee") are parties to a franchise agreement dated, _____ 20____ (the "Franchise Agreement") for the operation of a PLAYlive Nation™ Business (the "Business").

In accordance with Section 12(C) of the Franchise Agreement, Franchisee certifies to Franchisor that the Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Business. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to defend, hold harmless and indemnify Franchisor, its officers, directors, shareholders, corporate counsel, members, managers, officers and employees and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party (ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys' fees, related to the same.

FRANCHISEE:

Signed: _____
Print Name: _____
Title: _____
Date: _____

Signed: _____
Print Name: _____
Title: _____
Date: _____

SCHEDULE 6

PLAYLIVE NATION, INC.

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESS, URL'S AND SPECIAL POWER OF ATTORNEY

1. _____ [Franchisee's legal name] ("Franchisee"), to induce PLAYlive Nation, Inc. ("PLAYlive" or "Franchisor") to grant Franchisee a franchise, Franchisee assigns to PLAYlive all telephone numbers, email addresses, and URL's and listings Franchisee advertises, publicizes, or otherwise makes known to clients or the public in the operation of a PLAYlive franchise, both now and in the future, in the city where your franchise is operated.
2. This assignment will automatically become effective immediately upon Termination (meaning "termination, termination for cause, expiration, or nonrenewal") of Franchisee's PLAYlive franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to your franchise to promptly transfer its telephone numbers, email addresses, and URL's and associated directory listings to PLAYlive or its designee.
3. Franchisee agrees to pay these service providers, on or before the date when the franchise is terminated, all amounts Franchisee owes it in connection with the telephone numbers including payment for any advertisements or listings in a classified directory or directories. Franchisee further agrees to indemnify PLAYlive for any money PLAYlive must pay the service providers before the service providers will carry out this Agreement.
4. Franchisee appoints PLAYlive as attorney-in-fact to sign any documents and do anything necessary to carry out this Agreement if Franchisee fails to sign or do them within five (5) business days after termination of the franchise agreement. Franchisee further agrees to indemnify PLAYlive for any expenses, including legal fees, that PLAYlive incurs which would not have been incurred if Franchisee had performed as promised under this Agreement.

FRANCHISEE:

Signed: _____

Print Name: _____

Title: _____

Date: _____

Signed: _____

Print Name: _____

Title: _____

Date: _____

SCHEDULE 7

PLAYLIVE NATION, INC.

FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY (USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty is a Schedule to the Franchise Agreement between PLAYlive Nation, Inc. (“Franchisor”) and _____ (“Franchisee”) dated the _____ day of _____, 20__.

1. The undersigned agree, individually and on behalf of his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.
2. Guarantors have consulted legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.
3. Guarantors waives:
 - (a) Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;
 - (b) Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
 - (c) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;
 - (d) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
4. Each Guarantor consents and agrees that:
 - (a) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
 - (b) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;
 - (c) Liability is not contingent or conditioned on Franchisor’s pursuit of any remedies against Franchisee or any other persons; and
 - (d) Liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;
 - (e) Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

- (f) Each waives acceptance and notice of acceptance by Franchisor; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

5. Guarantor hereby consents and agrees that:

- (a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of , and shall be joint and several with, Franchisee and the other owners of the Franchisee;
- (b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or 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
- (d) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and;
- (e) Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under 25(D) of the Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in 25(D) of the Agreement in accordance with its terms.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Dated on the _____ day of _____ 20____.

(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):

NAME	ADDRESS	PERCENTAGE OF OWNERSHIP
Signature Print Name	Street CityStZip	
Signature Print Name	Street CityStZip	
Signature Print Name	Street CityStZip	
Signature Print Name	Street CityStZip	

SCHEDULE 8

PLAYLIVE NATION, INC. COLLATERAL ASSIGNMENT OF LEASE

Franchisee: _____

Franchisor: PLAYlive Nation, Inc.

Date of this Collateral Assignment of Lease (the "Assignment"): _____

The Franchisee, to effect various provisions of that certain Franchise Agreement dated _____, 20 __, by and between Franchisee and Franchisor (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated _____ 20__, between Franchisee and _____, ("Landlord"), for that property commonly known as: _____ (the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of Franchisor.

Except as provided in the Franchise Agreement, the Franchisor will not take possession of the Premises under this Assignment until and unless there is a default by Franchisee under the Lease or a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Franchise Agreement. In such event(s), the Franchisor (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to the Franchisor or its designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith, and do all acts necessary or appropriate thereto. The Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless the Franchisor takes possession of the Premises pursuant to this Assignment and, in any event, the Franchisor will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, Franchisor shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. Franchisor shall notify Landlord, in writing, within five (5) days of taking possession of the Premises that it has taken such possession.

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, Franchisor may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of the Franchisor. Failure of the Franchisor to exercise any remedy hereunder shall not be a waiver of any of its rights. The rights and remedies of the Franchisor under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, Franchisor and Franchisee, and their respective successors and assigns. With respect to Franchisor and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but the Franchisor may, in any event and at its option, proceed with any action in court for possession of the

Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and Franchisor and/or Franchisee, the dispute resolution provisions of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to Franchisor and Franchisor shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if Franchisor shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by Franchisor of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, the Franchisor shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless Franchisor expressly assumes the Lease. Landlord shall, during Franchisee’s bankruptcy case, serve on the Franchisor a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee’s rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to Franchisor. Franchisor or its nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to Franchisor, Franchisee or Landlord shall be addressed as follows:

Landlord: _____

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under as of the date first above written.

FRANCHISEE:

Signature

Printed Name

LANDLORD:

by: _____

its _____

Signature

Printed Name

FRANCHISOR:

PLAYlive Nation, Inc.

by: _____

its _____

SCHEDULE 9

PLAYLIVE NATION, INC.

STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

- A. The following is a list of all managing partners, partners, members, managers, shareholders or other Owners or investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

B.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>

- C. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section 19(B) of the Franchise Agreement. Unless designated as a Controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 10.

SCHEDULE 10

PLAYLIVE NATION, INC.

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into _____ 20____, between PLAYlive Nation, Inc., a ~~Washington-Delaware~~ corporation (hereinafter referred to as “Franchisor”), _____ (hereinafter referred to as “You”).

RECITALS:

WHEREAS, Franchisor has acquired the right to develop a unique system (the “System”) for the development and operation of businesses under the name and mark “PLAYlive Nation™” (“Business”); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark PLAYlive Nation™ and such other trade names, service marks, and trademarks as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards; build-out specifications, distinctive signage, exterior and interior design, décor and color scheme, methods, strategies and techniques; purchasing strategies, vendor and supplier relationships, fee strategies, customer information security procedures, quality control, operational procedures, customer service standards, employee hiring guidelines, promotional programs, advertising and marketing materials, bookkeeping, financing and accounting methods all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in the operation of the System (“Trade Secrets”); and

WHEREAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to and are not readily ascertainable by proper means by Franchisor competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted You a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the Franchise Agreement made and entered into _____, 20____ (“Franchise Agreement”) between you and Franchisor; and

WHEREAS, You and Franchisor have agreed in the Franchise Agreement on the importance to Franchisor and to You and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain of You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, you have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become a staff member; and

WHEREAS, you will receive and use the Trade Secrets in the course of operating your Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor shall disclose to You some or all of the Trade Secrets relating to the System.
2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation of your of Business using the System for so long as you are licensed by Franchisor to use the System.
3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.
4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff members and then only to the limited extent necessary to train or assist your staff members in the management or operation of your Business using the System.
5. That all information and materials, including without limitation, build-out drawings, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.
6. You shall surrender the confidential Franchise Operations and Procedures Manual and such other manuals and written materials as Franchisor shall have developed ("Manuals") described in the Franchise Agreement and any other material containing some or all of the Trade Secrets to You or Franchisor, upon request, or upon termination of employment by You, or upon conclusion of the use for which the Manuals or other information or material may have been furnished to your staff.
7. You shall not, directly or indirectly, commit any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System, or the Names and Marks.
8. The Manuals are loaned by Franchisor to You for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor written consent.
9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, you agree that for two (2) years Franchisor following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement You will not, without the prior written consent of Franchisor:
 - a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Business to any competitor.
 - b. Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or developer of Franchisor's, or otherwise directly or indirectly induce such persons to leave that person's employment.
 - c. Directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same as or similar to the Business including, but not limited to, any other re-sale business offering products and services that are similar to the Services or products of a PLAYlive Nation™ franchised or company-owned Business which business is,

or is intended to be, located within a 25-mile radius of the location approved in the Franchise Agreement or of any Business in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by you, as applicable.

10. You undertake to use your best efforts to ensure that your staff acts as required by this Agreement.
11. You agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
12. You agree to pay all expenses (including court costs and reasonable attorney's fees') incurred by Franchisor and you in enforcing this Agreement.
13. Any failure by Franchisor or You to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any later breach by You.
14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF ARIZONA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN ARIZONA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, YOU OR FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN THE STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.
15. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which Franchisor is 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 resulting covenant were separately stated in and made a part of this Agreement.
16. This Agreement contains the entire agreement of the parties regarding the subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.
17. All notices and demands required to be given herein shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

17.

If directed to Franchisor, the notice shall be addressed to:

PLAYlive Nation, Inc.
17235 North 75th Avenue, Suite ~~E-120F~~E-115
Glendale, AZ 85308
Attention: Duncan Wood
Telephone: (360) 539-8667

If directed to you, the notice shall be addressed to:

Attention: _____
Facsimile: _____
Telephone: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall effected by giving fifteen (15) days written notice of such change to the other party.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assignees and transferees. The respective obligations of you and your staff herein are personal in nature and may not be assigned by you or your staff, as applicable.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

Dated: _____

FRANCHISOR

PLAYlive Nation, Inc.

By: _____
Duncan Wood, President
17235 North 75th Avenue, Suite ~~E-120~~F-115
Glendale, AZ 85308

FRANCHISEE:

Signed: _____

Print Name: _____

Title: _____

Date: _____

Signed: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT “A”
MARYLAND ADDENDUM TO
PLAYLIVE NATION, INC.
FRANCHISE AGREEMENT

This Addendum to the PLAYlive Nation, Inc. Franchise Agreement dated _____ (“Franchise Agreement”) between PLAYlive Nation, Inc. (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Section 7 B. 8. (“Renewal”):

This general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following sentence is added to the end of Section 22 (“Relocation, Assignment, Transfer, Sale or Repurchase of Franchised Business”):

Any reference to general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- ~~3. The following paragraph is added to the end of Section 9 C. (“Initial Franchise Fee”):~~

~~Based on upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. On the Opening Date, you must pay to us the Initial Franchise Fee in the amount set forth on the Franchise Agreement executed on _____.~~

- ~~4.3.~~ The following sentence is added in the end of Section 25 G (“Arizona Law Applies”):

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- ~~5.4.~~ The following provision to be added to the end of Section 25 (“Enforcement”):

O. Contract Interpretation

Nothing in this Agreement operates to reduce the 3-year statute of limitation afforded to you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No representations contained in this Agreement are intended to nor shall they act as a release, estoppel or waiver any liability in current under the Maryland Franchise Registration and Disclosure Law.

- ~~6.5.~~ This Addendum will have effect only if the Franchise Agreement and/or relationship between Franchisor and Franchisee satisfy all of the jurisdiction requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum.

- ~~7.6.~~ Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

~~8.7.~~ Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Dated: _____

FRANCHISOR

PLAYlive Nation, Inc.

By: _____
Duncan Wood, President
17235 North 75th Avenue, Suite ~~E-120~~F-115
Glendale, AZ 85308

FRANCHISEE:

Signed: _____
Print Name: _____
Title: _____
Date: _____

Signed: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT “B”

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

PLAYLIVE NATION, INC.

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor, including in the areas of termination and non-renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

If any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act 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 and remedies under the Act, such as the right to jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

~~Based on the franchisor’s financial condition, the Washington Securities Administrator has required financial assurance. Therefore, all fees paid to us by you, including any initial franchise fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, under the fee deferral, all multi-unit development fees under the Multi-Unit Development Agreement shall be collected on a prorated basis.~~

Dated: _____

FRANCHISOR

PLAYlive Nation, Inc.

By: _____
Duncan Wood, President
17235 North 75th Avenue, Suite ~~E-120~~F-115
Glendale, AZ 85308

FRANCHISEE:

Signed: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT B

TO DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT
AGREEMENT

**MULTI-UNIT DEVELOPMENT AGREEMENT TO PLAYLIVE NATION, INC.
FRANCHISE AGREEMENT**

(1) **Background.** This Multi-Unit Development Agreement (the "MUDA") is made between PLAYlive Nation, Inc. ("we," "us," or "our") and ("you" or your"). This MUDA is attached to, and intended to be a part of, the Franchise Agreement that we and you have signed concurrently with signing this MUDA for the operation of a specific PLAYlive Nation (the "Franchise Agreement"). We and you are signing this MUDA because you want the right to develop _____ additional PLAYlive Nation (besides the location covered by the Franchise Agreement) within a certain geographic area over a certain period of time, and we are willing to grant you those development rights if you comply with this MUDA.

(2) **Grant of Development Rights.** Subject to your strict compliance with this MUDA, we grant you the right to develop _____ additional PLAYlive Nation franchises (including the PLAYlive Nation covered by the Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this MUDA (the "Schedule"), within the following geographic area (the "Area"):

If you (and, to the extent applicable and with our approval, your affiliated entities) are fully complying with all of your obligations under this MUDA, and are substantially complying with all of your obligations under the Franchise Agreement and all other franchise agreements then in effect between us and you (and, to the extent applicable and with our approval, your affiliated entities) for the development and operation of PLAYlive Nation franchises, then during this MUDA's term only, we (and our affiliates) may not establish and operate, or grant to others the right to establish and operate, another PLAYlive Nation the physical premises of which are located within the Area.

Except as described above, this MUDA does not impose any restrictions on our (and our affiliates') activities within the Area during this MUDA's term. This means that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Area, including those which we reserve in the Franchise Agreement (which include the right to develop and license others the right to develop PLAYlive Nation franchises). After this MUDA expires or is terminated (regardless of the reason for termination), we and our affiliates have the right to (a) establish and operate, and grant to others the right to establish and operate, PLAYlive Nation franchises in the physical premises of which are located within the Area and (b) continue to engage, and grant to others the right to engage, in any activities that we, (and they) desire, within the Area without any restrictions whatsoever.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

(3) **Development Obligations.** To maintain your rights under this MUDA, you (and/or affiliated entities we approve) must sign franchise agreements for, and have open and operating within the Area, the agreed-upon number of PLAYlive Nation franchises by the dates specified in the Schedule. You (and/or the approved affiliated entity) will operate each PLAYlive Nation under a separate franchise agreement with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations and Non-

Monetary Guaranty and Assumption of Obligations) that you (and your owners) sign for each additional PLAYlive Nation will be identical to the Franchise Agreement, including the initial franchise fee. However, despite any contrary provision contained in the newly-signed franchise agreements, your additional PLAYlive Nation franchises within the Area must be open and operating by the dates specified in the Schedule. To retain your rights under this MUDA, each PLAYlive Nation opened pursuant to this MUDA must operate continuously throughout this MUDA's term in substantial compliance with its franchise agreement.

(4) **Subfranchising Rights.** This MUDA does not give you any right to license or subfranchise others to operate a PLAYlive Nation. Only you (and/or affiliated entities we approve) may develop, open, and operate a PLAYlive Nation pursuant to this MUDA.

(5) **Development Fees.** As consideration for the development rights we grant you in this MUDA, you must pay us a total of _____ (\$ _____) (the "Development Fee") for [number of outlets sold] PLAYlive Nation. The Development Fee is consideration for the rights we are granting you in this MUDA and for reserving the Area for you to the exclusion of others (except as provided in this MUDA), is fully earned by us when we and you sign this MUDA, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this MUDA for that reason. However, each time you (or your approved affiliated entity) sign a franchise agreement for another PLAYlive Nation to be developed within the Area under this MUDA, you will not pay an initial franchise fee for that PLAYlive Nation franchise.

(6) **Grant of Franchises.** You must submit to us a separate application for each PLAYlive Nation that you wish to develop within the Area. You agree to give us all information and materials we request to assess each proposed PLAYlive Nation site. We will not conduct site selection activities for you. In granting you the development rights under this MUDA, we are relying on your knowledge of the real estate market in the Area and your ability to locate and access sites. We will not unreasonably withhold acceptance of any proposed site if the site meets our then current site criteria and the requirements of your business. However, we have the absolute right not to accept any site that does not meet these criteria. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. If we accept the proposed site, you agree, within the time period we specify (but no later than the date specified in the Schedule), to sign a separate franchise agreement (and related documents) for that PLAYlive Nation and to pay us the remaining portion of the initial franchise fee due if any. If you fail to do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you (and your owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations or the Non-Monetary Guaranty and Assumption of Obligations), its terms and conditions will control your development and operation of the PLAYlive Nation (except that the required opening date is governed exclusively by this MUDA, as provided in Sections 3 and 5 above).

In addition to our rights with respect to proposed location, we may delay your development of additional PLAYlive Nation locations within the Area for the time period we deem best if we believe, when you submit your application, that you are not yet operationally, managerially, or otherwise prepared, due to the particular amount of time that has elapsed since you developed and opened your most recent PLAYlive Nation, to develop, open, and/or operate the additional PLAYlive Nation in substantial compliance with our standards and specifications. We may delay additional development for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

(7) **Term.** This MUDA's term begins on the date we and you sign it and ends on the date when (a) the final PLAYlive Nation to be developed under the Schedule has been opened, or (b) this MUDA otherwise is terminated.

(8) **Termination.** We may terminate this MUDA and your right to develop PLAYlive Nation locations within the Area at any time, effective upon delivery to you of written notice of termination: (a) if you fail to satisfy your development obligations under the Schedule or any other obligation under this MUDA (you have no right to cure these defaults); or (b) if the Franchise Agreement, or any other franchise agreement between us and you (or your affiliated entity) for a PLAYlive Nation is terminated by us in compliance with its terms or by you for any (or no) reason; or (c) if we have delivered a formal written notice of default to you (or your affiliated entity) under the Franchise Agreement, or any other franchise agreement between us and you (or your affiliated entity) for a PLAYlive Nation whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement. No portion of the Development Fee is refundable upon a termination of this MUDA or under any other circumstances.

(9) **Assignment.** Your development rights under this MUDA are not assignable at all. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise, Agreement, any change in your ownership (whether or not it is a controlling ownership interest), a transfer of this MUDA separate and apart from the Franchise Agreement, or any other event that attempts to assign the development rights.

(10) **MUDA to Control.** MUDA to Control. Except as provided in this MUDA, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this MUDA, the terms of this MUDA will control.

[SIGNATURE ON THE NEXT PAGE]

FRANCHISOR
PLAYLIVE NATION, INC.
a ~~Washington~~Delaware corporation

By: _____

Name: Duncan Wood

Title: President

Date: _____

FRANCHISEE

Signed: _____

Name: _____

Title: _____

Date: _____

Signed: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
TO DEVELOPMENT RIGHTS RIDER

You agree to develop and open _____() PLAYlive Nation locations in the Area, including the location covered by the Franchise Agreement, according to the following Schedule:

PLAYlive Nation Number	Franchise Agreement to be Executed by (Date)	Franchise to be Opened by (Date)	Cumulative Number of PLAYlive Nation locations to be Opened and Operating by Opening Date (in previous column)
			ONE
			TWO
			THREE

FRANCHISOR
PLAYLIVE NATION, INC.
a ~~Washington~~-~~Delaware~~ corporation

By: _____
Name: Duncan Wood
Title: President
Date: _____

FRANCHISEE

Signed: _____
Name: _____
Title: _____
Date: _____

Signed: _____
Name: _____
Title: _____
Date: _____

ADDENDUM TO PLAYLIVE NATION, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

FOR THE STATE OF WASHINGTON

This Addendum to the Multi-Unit Development Agreement is agreed to this ____ day of _____, 20____, by and between PLAYlive Nation, Inc. and _____.

9.8. In recognition of the requirements of Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Multi-Unit Development Agreement for PLAYlive Nation, Inc. is amended as follows:

- The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor, including in the areas of termination and non-renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
- 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 and remedies under the Act, such as the right to jury trial may not be enforceable.
- Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~10. — ITEM 5 of the Disclosure Document is amended to add the following:~~

~~The Initial Franchise Fee will be deferred until Franchisor has met its pre-opening obligations and Franchisee has opened its franchise business.~~

~~The Initial Development Fee will be deferred and the fees will be collected on a prorated basis.~~

11.9. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms of condition of said Multi-Unit Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[SIGNATURE ON THE NEXT PAGE]

FRANCHISOR
PLAYLIVE NATION, INC.
a ~~Washington~~ Delaware corporation

By: _____
Name: Duncan Wood
Title: President
Date: _____

DEVELOPER:

Signed: _____
Name: _____
Title: _____
Date: _____

Signed: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C

TO DISCLOSURE DOCUMENT

FRANCHISE

COMPLIANCE QUESTIONNAIRE

PLAYlive Nation, Inc.
COMPLIANCE QUESTIONNAIRE

TO BE COMPLETED THE SAME DAY YOU SIGN THE FRANCHISE AGREEMENT

You are preparing to enter into a PLAYlive Nation, Inc. Franchise Agreement and/or Multi-Unit Agreement (referred to as “Agreement” or collectively “Agreements”) with us. The purposes of this Questionnaire are to confirm that you understand the terms of the contract(s) and the limitation on claims you may make by reason of the purchase and operation of your franchise, and to determine whether any statements or promises were made to you that we have not authorized or that might be untrue, inaccurate or misleading. You must sign and date this Questionnaire the same day you sign the Franchise Agreement and/or Multi-Unit Agreement and pay your franchise fee. Please closely review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally read the PLAYlive Nation, Inc. Franchise Disclosure Document (“FDD”)?

Yes _____ No _____

2. Did you give us a signed Receipt for the copy of the FDD that we furnished to you?

Yes _____ No _____ If yes, on what date? _____

3. Do you understand all of the information contained in the FDD?

Yes _____ No _____

If not, what parts of the FDD do you not understand? (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).

4. Have you received and personally read the PLAYlive Nation, Inc. Franchise Agreement

Yes _____ No _____

5. Do you understand all of the terms of the Agreement?

Yes _____ No _____

If not, what parts of the Agreement do you not understand? (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).

6. Have any of our representatives recommended that you have the FDD and agreements reviewed by an attorney?

Yes _____ No _____

7. A) Have you, in fact, discussed the FDD, the agreements, and the benefits and risks of operating a PLAYlive Nation franchise with an attorney?
 Yes _____ No _____
 If Yes, name of attorney: _____
 If No, do you wish to have more time to do so?
 Yes _____ No _____
- B) Have you discussed the benefits and risks of operating a PLAYlive Nation Franchise Business any other professional advisor?
 Yes _____ No _____
 If Yes, name and profession of advisor: _____
- C) Did you discuss the benefits and risks of operating a PLAYlive Nation Franchise Business with an existing PLAYlive Nation franchise?
 Yes _____ No _____
8. Other than information presented in Item 19 of the FDD, have any of our employees or has any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding:
- A) The amount of money that others have made or that you might make as a PLAYlive Nation franchisee?
 Yes _____ No _____
- B) The revenue profits that a PLAYlive Nation Franchise Business will generate?
 Yes _____ No _____
- C) Any other financial performance information about PLAYlive Nation businesses?
 Yes _____ No _____
9. If your answer to any part of Question 8 is “Yes”, please describe the statement or representation. Please include when, where, and by whom the statement or representation was made. Please provide full details in the following space. (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).
- _____
- _____
- _____
- _____
10. Have you contacted any existing PLAYlive Nation franchisees about their financial performance?
 Yes _____ No _____

11. If your answer to Question 10 is “Yes”, please describe the information that they shared with you in the following space. (You do not need to identify the franchisees with whom you spoke).

12. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

13. If you answered “Yes” to Question 12, please provide full details in the following space. (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).

14. In entering into the Franchise Agreement, are you relying on any statement, promise, or assurances by us or anyone speaking or purporting to speak on our behalf, other than the terms of the Agreement itself (including any Amendment, if applicable)?

Yes _____ No _____

If “Yes”, please provide full details in the following space. (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).

15. Would you agree that the success or failure of your PLAYlive Nation franchise will depend in large part on your own skills and abilities and efforts, and those of the people you employ, as well as many factors beyond your control such as competition, the economy, inflation, labor and equipment costs, the marketplace, and other business factors?

Yes _____ No _____

16. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or multiple damages?

Yes _____ No _____

17. Do you understand that we do not have to sell you a franchise or additional franchises (or Areas of Primary Responsibility or PLAYlive Nation Location Assurance Program), or consent to your purchase of existing franchises?
- Yes _____ No _____
18. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the PLAYlive Nation, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?
- Yes _____ No _____
19. Do you understand that once you sign the Franchise Agreement and pay the Initial Franchise Fee, your Initial Franchise Fee payment is nonrefundable under any circumstance?
- Yes _____ No _____
20. Do you understand that, under the terms of the Franchise Agreement, you are fully responsible and liable for complying with all government license and permit requirements, as well as with all laws and regulations applicable to the establishment and operation of your PLAYlive Nation franchise?
- Yes _____ No _____
21. Do you understand the risks of operating a PLAYlive Nation franchise?
- Yes _____ No _____

You understand that we are acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE WILL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGEMENT.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise 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.

[SIGNATURE ON THE NEXT PAGE]

FRANCHISEE

OWNER/GUARANTOR

By: _____
a/an [Print Name], [Title]

[Print Name]

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

Date: _____

Date: _____

**ADDITIONAL INFORMATION INTAKE FORM
TO COMPLIANCE QUESTIONNAIRE**

Please use this form to provide all additional information for which you did not have sufficient space above in the body of the Compliance Questionnaire. This form is part of the Compliance Questionnaire and together with the above form, you represent and agree that all of the information included is your honest and complete responses to each question.

1. Additional Information for Question No. _____

2. Additional Information for Question No. _____

3. Additional Information for Question No. _____

EXHIBIT D

TO DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

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

As a supplement to the information disclosed in this Disclose Document, the following additional paragraphs are added:

Add to the Disclosure Document Item 3, litigation, that neither FRANCHISOR nor any of the persons affiliated with FRANCHISOR set forth in Section 2 of the Disclosure Document are subject to any currently effective order of any National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78, et seq. suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or 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 contains 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 requires application of the law of Arizona. The Franchise Agreement currently restricts venue for arbitration and mediation to Arizona since it is the Franchisor's headquarter (but could change) which might not be favorable if your location or you reside in a different state.

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31 000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The Franchise Agreement requires litigation to be conducted in Arizona, but could change. Requirements of litigation in jurisdiction other than where your franchise is located or where you reside may not be enforceable. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of Arizona and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of Arizona.

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

The franchise agreement requires binding arbitration. The arbitration will occur in Maricopa County, Arizona with the costs being borne by the prevailing party.

Item 5 of the Disclosure Document is amended to include the following language:

"If Franchisor sells a multiple unit or other discounted franchise fee in California, it will comply with California Franchise Rule 310.100.2 regarding negotiated sales, to the extent applicable." The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 -20043).

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

~~Based upon the Franchisor's financial condition, the Commissioner of Business Oversight has required a financial assurance. Therefore, all initial fees and payments owed by the franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all Multi-Unit Development fees and initial payments by the Developers shall be deferred until the first franchise under the Multi-Unit Development Agreement opens.~~

OUR URL IS: www.playlivenation.com. 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.

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

Any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois may not be enforceable and is amended to the extent required by Illinois law, except that a Franchise Agreement may provide for arbitrate in a forum outside of the State of Illinois.

The governing law or choice of law clause described in the Disclosure Document (including a risk factor on the cover page) 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 for the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Illinois law requires that the Franchisor give you a copy of the Disclosure Document as registered with the Attorney General together with a copy of all proposed agreements relating to the sale of the franchise before the earlier of:

1. 14 days before our execution of a binding Franchise Agreement or other agreement, and
2. 14 days before the Franchisor receives any payment from you.

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

To the extent that Item 17 of the Disclosure Document and Section 12(B) of the Franchise Agreement re inconsistent with the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indian Deceptive Franchise Practice Law may supersede such inconsistent terms.

To the extent that Item 17 of the Disclosure Document and Schedule 10 of the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2.7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 27-1(10) of the Indiana Deceptive Franchise Practice Laws.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

To the extent that Franchise Agreement requires and the Disclosure Document discloses that a Franchisee must agree to a period of limitations of less than three years, this limitation to a period of less than three years shall not apply to any claims arising under the Maryland Franchise Registration and Disclosure Law.

The provision in the franchise agreement providing for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

~~Item 5 of the Disclosure Document is amended to add the following as the last paragraph:~~

~~Based on the franchisor's financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all fees paid to us by you, including any initial franchise fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by Multi-Unit Developers shall be deferred until the first franchise under the development agreement opens.~~

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

PLAYLIVE NATION, INC.

This Amendment ("Amendment") is effective as of this ____ day of _____, 20__ to that certain PLAYlive Nation, Inc. Franchise Agreement dated _____, 20__ ("Agreement") by and between PLAYlive Nation, Inc., a ~~Washington~~-Delaware corporation ("Franchisor"), and _____ ("Franchisee"). Notwithstanding any provisions in the Agreement, Franchisor and Franchisee hereby agree to the following:

1. **Release, Estoppel or Waiver of Liability.** All representations requiring Franchisee to assent to a release, estoppel or waiver of 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.
2. **Venue.** Franchisee may bring lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. **Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. **Release.** The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
5. **Bankruptcy.** The provision in the franchise agreement providing for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.
6. ~~**Fee Deferral.** Payment of all Franchisee's initial fees and payments are due once Franchisor has met its pre-opening obligations and once Franchisee is open for business, which also includes all development fees and initial payments under the Multi-Unit Development Agreement.~~

IN WITNESS WHEREOF, the parties have executed this Amendment to be effective as of the date set forth above:

FRANCHISOR:
PLAYlive Nation, Inc.

FRANCHISEE:

Name: Duncan Wood
Title: President

Name: _____
Title: _____

Name: _____
Title: _____

MICHIGAN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- 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 30 days, to cure such 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 the franchise business are not subject to compensation. This subsection applied only if:
 - 1. The term of the franchise is less than 5 years; and
 - 2. 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 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 this state. 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:

1. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
 2. The fact that the proposed transferee is a competitor of the Franchisor or Sub-Franchisor.
 3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 4. 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 bon 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).
- I. A provision that 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
Phone: 517/373-7117

MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise 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 the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80C.12), to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

The cover page of the Franchise Disclosure Document will be supplemented with the following inserted at the bottom of 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: Add the following:

- A. Neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal, or civil action pending against the person alleging a felony, violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations, or any pending actions other than routine litigation incidental to the business which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- B. Neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contender to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contender to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- C. Neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our 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 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4 of the Franchise Disclosure Document: Add the following language:

Neither we, our affiliates, predecessors, officers, nor general partner during the ten-year period immediately before the date of the 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 bankruptcy code; or
- C. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position and or company or partnership.

Item 5 of the Franchise Disclosure Document: Add at the end of the last paragraph:

The purpose of the initial fee is to pay for the franchisor's training, sales, legal compliance, salary, and general administrative expenses, and profit.

Section 25(G) of the Franchise Agreement and Item 17 of the Franchise Disclosure Document:

Add the following at the end:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the franchisee or the franchisor by the General Business Law of the State of New York Article 33.

Item 17 of the Franchise Disclosure Document: Modify the first paragraph to read as follows:

THIS TABLE LISTS 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.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

- I. Item 5 is amended by the addition of the following language to the original language:

Refund and cancellation provisions do not apply to franchises operating under the North Dakota franchise Investment Law. If the Company elects to cancel the Franchise Agreement, the Company will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred. This amount may not be more than fifty percent (50%) of the Franchise Fee.

- II. Item 5, Note 1, the last paragraph shall be amended to read as follows:

If your Franchise Agreement is terminated, you may be required to continue royalty payments for so long as you or our assignee or successor continues to use our trademarks or systems in any way.

- III. Item 5, Note 5, shall be amended to read as follows:

Note 5: You must protect, indemnify, and hold us harmless against any claims or losses arising out of your operation of the franchise business. Each party will bear its own expenses of any litigation to enforce the agreement.

- IV. Item 17 is amended by the addition of the following language to the original language:

- A. A provision is the Franchise Agreement that terminates the Franchise Agreement on the bankruptcy of the franchisee may not be enforceable under Title II, U.S. Code, Section 101.
- B. The erosion of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.
- C. The North Dakota Century Code, Section 9-08-06 limits the franchisor's ability to restrict your ability to restrict your activity after the Franchise Agreement has ended.
- D. Under North Dakota law, liquidated damages provisions are void. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. Thus, the provision requiring you to continue to pay amounts to franchisor if you elect to cancel the agreement may not be enforceable under North Dakota law.

[The remainder of this page is intentionally left blank]

V. Item 17 is amended to read as follows:

PROVISION	FRANCHISE AGREEMENT	SUMMARY
Your obligations on termination non-renewal	Franchise Agreement Section 24	De-Identification, payment, non-disclosure, non-competition; you continue to pay royalties for so long as you use the trademarks if terminated for breach, unless you abandon the business, abide by post termination covenants, and release and indemnify us.

VI. Item 17: The Choice of Law and Arbitration sections are amended to read as follows:

- A. The Franchise Agreement shall be governed by the laws of North Dakota.
- B. Except as specifically otherwise provided in the Franchise Agreement, all contract disputes that cannot be amicably settled will be determined by arbitration under the Federal Arbitration Act and in accordance with the rules of the American Arbitration Association. Arbitration will take place at an appointed time and place in the county and state in which your franchised business is located. However, nothing in the Franchise Agreement limits or precludes the parties from bringing an action in a court of competent jurisdiction for injunction or other provisional relief as needed or appropriate to compel a party to comply with its obligations or to protect the marks or the company's other property rights.

- C. The Choice of Forum section is amended to delete the following:

Any action will be brought in the state or federal courts in Maricopa County, Arizona.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

PLAYLIVE NATION, INC.

- I. Article IX, concerning refunds of initial franchise fees and royalties, is amended to add the following:

Refund and cancellation provisions do not apply to franchisees operating under the North Dakota Franchise Investment Law. If Franchisor elects to cancel this Franchise Agreement, Franchisor shall be entitled to a reasonable fee for its evaluation of Franchisees and related preparatory work performed and expenses actually incurred. This amount shall be no more than fifty percent (50%) of the franchise fee.

- II. Sections 22 and 23, relating to termination and transfer, are amended to add the following:

The execution of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

- III. Section 13(H), providing for liquidated damages on termination of the Franchise Agreement, is hereby amended to read as follows:

Pay to Franchisor royalty fees and other ongoing fees, and other amounts Franchisee owes to Franchisor, as though Franchisee were still an active Franchisee, for so long as Franchisee or its assignee or successor continues to use the trademarks in any way. Franchisor is also entitled to all other applicable remedies.

- IV. Section 25 is amended to read as follows:

In any action to enforce this Agreement or to seek remedies on default by either party, each party shall bear its own expenses of litigation or enforcement.

- V. A. Section 25 is amended to add the following:

THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY THE COMPANY AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF NORTH DAKOTA, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15, U.S.C. SECTIONS 1015, ET. SEQ.) .

- B. Section 25(G) providing for exclusive jurisdiction in Maricopa County, Arizona is deleted.
- C. Paragraph 25 to the extent it provides for a limitation of one year on actions under the Franchise Agreement is hereby deleted.
- D. Section 25 to the extent it provides for a waiver of punitive or exemplary damages, and a waiver of jury trial, is deleted.

VI. The Arbitration section shall be deleted and amended to read as follows:

Except as specifically otherwise provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined by arbitration under the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the County and State in which Franchisee's franchised business is located. However, nothing contained herein shall be construed to limit or to preclude the parties from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as the parties deem to be necessary or appropriate to compel either party to comply with its obligations hereunder or to protect the marks or other property rights of franchisor.

VII. The Acknowledgement section is amended to add the following:

(i) Franchisee acknowledges that Franchisee received a copy of this Franchise Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

VIII. The Covenants section is amended to add the following:

Covenants not to compete on termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

PLAYLIVE NATION, INC.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

A provision in a Franchise Agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state are void with respect to a claim otherwise enforceable under this Act.

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

PLAYLIVE NATION, INC.

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor, including in the areas of termination and non-renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

If any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act 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 and remedies under the Act, such as the right to jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~Based on the franchisor's financial condition, the Washington Securities Administrator has required financial assurance. Therefore, all fees paid to us by you, including any initial franchise fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, under the fee deferral, all multi-unit development fees under the Multi-Unit Development Agreement shall be collected on a prorated basis.~~

ACKNOWLEDGEMENT

IT IS AGREED that the applicable foreign state law addendum, if any supersedes any inconsistent portion of the Franchise Agreement dated _____, 20____, and of the Franchise Disclosure Document, but only to the extent then required by applicable and enforceable state law, and only so long as such state law remains in effect.

FRANCHISOR: PLAYlive Nation, Inc.

Signed: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

Signed: _____

Name: _____

Date: _____

Signed: _____

Name: _____

Date: _____

Signed: _____

Name: _____

Date: _____

EXHIBIT E

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

PLAYlive Nation, Inc.

PROFIT AND LOSS

January - June, 2019

	TOTAL
Income	
Education Fees	
CES Education Enrollment	7,750.00
Discounted CES Enrollment	-1,210.00
Total CES Education Enrollment	6,540.00
MIT Education Enrollment	1,400.00
Discounted MIT Enrollment	-175.00
Total MIT Education Enrollment	1,225.00
Total Education Fees	7,765.00
Franchise Sign-on Fee	438,583.33
Game Licensing Fee	2,610.00
Late Fee	1,050.81
POS Monthly Fee	41,700.00
Royalty Fee	201,502.96
Discounted Royalty Fees	-43,826.12
Total Royalty Fee	157,676.84
SEO Advertising	5,675.00
Total Income	\$655,060.98
GROSS PROFIT	\$655,060.98
Expenses	
Bad Debts	58,190.51
Bank Charges	
Finance Charge	2,238.58
Member Fee	604.00
Transfer Fee	5.00
Total Bank Charges	2,847.58
Brokerage Commissions	205,083.33
Business Insurance	3,685.32
Dues & Subscriptions	425.16
Franchisee Support	39.22
Interest Expense	392.26
Internet and Cable Expense	2,279.97
Licenses & Permits	1,879.00
Meals and Entertainment	2,369.56
Merchant Account Fees	5,790.20
Moving Expense	1,590.27
Office Electronics	928.31
Office Expenses	10,672.59
Payroll Expense	167,750.00
Payroll Tax	13,694.99
Postage & Delivery	600.00
Professional Fee	
Accounting and Bookkeeping	21,496.25

	TOTAL
Legal Fees	3,379.75
Payroll Processing Fee	748.56
Programming & Web	6,703.88
Total Professional Fee	32,328.44
Rent Expense	11,289.16
Software Fee	36,559.00
Supplies	136.33
Taxes	1,551.91
Telephone Expense	4,801.68
Travel	3,904.34
Travel Lodging	2,149.08
Travel Meals	555.61
Unknown Expense	0.00
Video and Graphics	870.47
Web Domain	2,490.26
Total Expenses	\$574,854.55
NET OPERATING INCOME	\$80,206.43
Other Income	
Interest Earned	8.93
Reimbursements	1,400.00
Total Other Income	\$1,408.93
NET OTHER INCOME	\$1,408.93
NET INCOME	\$81,615.36

PLAYlive Nation, Inc.

BALANCE SHEET

As of June 30, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
4157 - Checking	70,792.49
4209 - Savings	30,022.27
PayPal	0.00
Petty Cash	1,000.00
Total Bank Accounts	\$101,814.76
Accounts Receivable	
Accounts Receivable (A/R)	15,198.56
Total Accounts Receivable	\$15,198.56
Other Current Assets	
Cash Back Reward	0.00
Employee Cash Advances	
Advances - Alec	32,460.00
Advances - Duncan	278,698.57
Advances - Jordan	39,669.78
Total Employee Cash Advances	350,828.35
PLAYlive LLC Loan	14,800.00
Travel Statement Credit	0.00
Undeposited Funds	0.00
Total Other Current Assets	\$365,628.35
Total Current Assets	\$482,641.67
Fixed Assets	
Fixed Assets	12,491.96
Leasehold Improvements	2,252.35
Store Electronics	4,300.82
Total Fixed Assets	\$19,045.13
Other Assets	
Accumulated Depreciation	-9,542.00
Total Other Assets	\$ -9,542.00
TOTAL ASSETS	\$492,144.80
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	22,929.25
Total Accounts Payable	\$22,929.25
Credit Cards	
1223 - CitiBank Executive CC	0.00
3031 - Capital One	0.00
4376 - BofA CC	17,820.90

	TOTAL
9976 - CitiBank	719.10
Total Credit Cards	\$18,540.00
Other Current Liabilities	
Accrued Expense	0.00
Deferred Brokerage Commissions	0.00
Ajay Shah	-37,333.33
Balaji Guda	-26,666.67
Bhavin Shah	-33,000.00
Brad Whittaker	-28,750.00
Brian Van Wyk	-49,000.00
Bryan Barton	-10,000.00
Carlos Luna	-37,333.33
Charles Centore	-14,000.00
Clark Shoenberger	0.00
Cynthia & Oliver Obusan	-25,000.00
Dale Blanchard	0.00
Debby Kallinikos	-40,000.00
Devan Jatkar	-25,000.00
Devora & Michael Rosenberg	-9,250.00
Gil Lackritz	-15,000.00
Gilda Durant	-21,500.00
Glover Harris	-14,166.67
Hanna Martinez	0.00
Hilal Abu-Zahra	0.00
Jared Mathis	-10,625.00
Jeff Wilkinson	-28,933.33
Jeffrey Bogusz	-40,500.00
Joe Bateman	0.00
John Rand	0.00
John Robinson	0.00
Julienne Adriano, Donald Simmons	-15,000.00
Keerthi Arutla	-16,250.00
Ken McCutcheon	-35,000.00
Kevin Posey	-10,000.00
Laroy Brisco	-6,666.66
Luis Hernandez	-37,333.33
Manohar Sanampudi	-10,000.00
Michael Tripp	-15,000.00
Milan Parekh	-35,000.00
Parish Mital	-57,083.33
Paul Knight	-10,000.00
Ravi Govindu	0.00
Ravi Gunna	-16,666.67
Richard Loo	-19,750.00
Rick Taylor	-15,000.00
Robert Meehan	-18,750.00
Ryan Wibawa & Celvie Toramaya	-32,000.00
Shawn Olivier	-15,000.00
Steven Davey	-18,666.67
Total Deferred Brokerage Commissions	-849,224.99

	TOTAL
Deferred Revenues	0.00
Ajay Shah.	43,333.33
Balaji Guda Guda.	43,333.33
Bhavin Shah.	35,000.00
Bradley Whittaker	40,000.00
Brian Morrill	40,000.00
Brian VanWyk	71,500.00
Bryan Barton.	27,500.00
Carlos Luna.	50,000.00
Charles Centore.	45,000.00
Clark Shoenberger.	0.00
Cynthia & Oliver Obusan.	35,000.00
Dale Blanchard/Steve Blanchard	0.00
Debby Kallinikos.	135,000.00
Deven Jatkar	30,000.00
Devora & Michael Rosenburg.	30,000.00
Garr Godfrey & Ben Exworthy	12,500.00
Gil Lackritz.	45,000.00
Gilda Durant.	27,500.00
Glenda Frazier.	16,666.67
Glover Harris.	50,000.00
Halil Abu-Zahra	0.00
Hannah Martinez.	0.00
Jared Mathis.	27,500.00
Jeff Wilkinson.	46,000.00
Jeffrey Bogusz.	55,000.00
Joe Bateman.	0.00
John Rand.	0.00
John Robinson.	0.00
Julienne Adriano / Donald Simmons	45,000.00
Keerthi Arutla / Sashi Challa	20,000.00
Ken McCutcheon.	75,000.00
Kevin Posey.	27,500.00
LaQuanta Brisco	26,666.66
Luis Hernandez.	50,000.00
Lynn Goldsmith	66,666.67
Manohar Sanampudi.	27,500.00
Michael Tripp.	45,000.00
Milan Parekh.	45,000.00
Parish Mital.	58,333.33
Paul Knight.	35,750.00
Ravi Govindu.	0.00
Ravi Gunna.	50,000.00
Richard Loo / Brian Chu	27,500.00
Rick Taylor.	44,250.00
Robert Meehan.	25,000.00
Ryan Wibawa & Celvie Toramaya.	43,333.33
Shawn Oliver.	45,000.00
Steven Davey.	21,666.67
Total Deferred Revenues	1,684,999.99

	TOTAL
Total Other Current Liabilities	\$835,775.00
Total Current Liabilities	\$877,244.25
Total Liabilities	\$877,244.25
Equity	
Alec Equity - 5%	0.00
Alec Distribution	-5,000.00
Total Alec Equity - 5%	-5,000.00
Bob Steinberger - 29%	
Bob Distribution	-29,000.00
Total Bob Steinberger - 29%	-29,000.00
Duncan Equity - 51%	
Duncan Contribution	0.00
Duncan Distribution	-43,350.00
Total Duncan Equity - 51%	-43,350.00
Eric Charneski - 10%	
Eric Contribution	100,000.00
Eric Distribution	-8,500.00
Total Eric Charneski - 10%	91,500.00
Jordan Equity - 5%	0.00
Jordan Distribution	-4,500.00
Total Jordan Equity - 5%	-4,500.00
Retained Earnings	-473,264.81
Stockholder Advances	-1,600.00
Eric Charneski	-1,500.00
Total Stockholder Advances	-3,100.00
Net Income	81,615.36
Total Equity	\$ -385,099.45
TOTAL LIABILITIES AND EQUITY	\$492,144.80

PLAYLIVE NATION, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED
DECEMBER 31, 2018 AND 2017

PLAYLIVE NATION, INC.

Years Ended December 31, 2018 and 2017

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Gatto, Pope & Walwick, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
PLAYlive Nation, Inc.
Glendale, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of PLAYlive Nation, Inc. (a Washington S corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PLAYlive Nation, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gatto, Pope & Walwick, LLP

April 11, 2019

PLAYLIVE NATION, INC.

BALANCE SHEETS

December 31, 2018 and 2017

ASSETS

	2018	2017
Current assets		
Cash and cash equivalents	\$ 70,144	\$ 101,548
Accounts receivable	150,939	91,655
Prepaid expense	1,667	-
Note receivable - related party, current portion	8,963	7,896
Total current assets	231,713	201,099
Property and equipment, net	9,503	11,859
Other assets		
Note receivable - related party, net of current portion	18,412	71,904
Total assets	<u>\$ 259,628</u>	<u>\$ 284,862</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities		
Accounts payable	\$ 37,822	\$ 53,986
Current portion of net deferred revenues	715,350	552,383
Total current liabilities	753,172	606,369
Long-term liabilities		
Net deferred revenues, less current portion	283,925	271,934
Total liabilities	<u>1,037,097</u>	<u>878,303</u>
Stockholders' deficit		
Common stock	-	-
Additional paid in capital	100,000	100,000
Advances to stockholders	(405,279)	(258,513)
Accumulated deficit	(472,190)	(434,928)
Total stockholders' deficit	<u>(777,469)</u>	<u>(593,441)</u>
Total liabilities and stockholders' deficit	<u>\$ 259,628</u>	<u>\$ 284,862</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF OPERATIONS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Initial franchise fees	\$ 319,167	\$ 339,917
Franchise royalty fees	282,802	151,071
Other fees	103,421	48,377
Total revenues	<u>705,390</u>	<u>539,365</u>
Cost of revenues		
Cost of initial franchise fees	161,125	198,567
Cost of franchise royalty fees	6,727	8,700
Total cost of revenues	<u>167,852</u>	<u>207,267</u>
Gross profit	537,538	332,098
Selling, general, and administrative expenses	<u>570,849</u>	<u>490,689</u>
Loss from operations	<u>(33,311)</u>	<u>(158,591)</u>
Other income (expense)		
Interest income	1,088	724
Interest expense	(5,039)	(2,294)
	<u>(3,951)</u>	<u>(1,570)</u>
Net loss	<u>\$ (37,262)</u>	<u>\$ (160,161)</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

Years Ended December 31, 2018 and 2017

	Common Stock (1) Shares	Amount	Additional Paid In Capital	Advances to Stockholders	Accumulated Deficit	Total Stockholders' Deficit
Balance, December 31, 2016	10,000	\$ -	\$ 100,000	\$ (242,013)	\$ (274,767)	\$ (416,780)
Net loss	-	-	-	-	(160,161)	(160,161)
Stockholder advances	-	-	-	(16,500)	-	(16,500)
Balance, December 31, 2017	10,000	-	100,000	(258,513)	(434,928)	(593,441)
Net loss	-	-	-	-	(37,262)	(37,262)
Stockholder advances	-	-	-	(146,766)	-	(146,766)
Balance, December 31, 2018	10,000	\$ -	\$ 100,000	\$ (405,279)	\$ (472,190)	\$ (777,469)

(1) No par value, 10,000 shares authorized, issued, and outstanding at December 31, 2018 and 2017.

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Net loss	\$ (37,262)	\$ (160,161)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation	3,657	2,827
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(59,284)	(77,230)
Prepaid expenses	(1,667)	-
Increase (decrease) in:		
Accounts payable	(16,164)	(31,492)
Deferred revenues	174,958	324,650
Cash flows from operating activities	<u>64,238</u>	<u>58,594</u>
Cash flows from investing activities		
Repayments on (advances) on note receivable - related party	52,425	9,082
Purchases of property and equipment	<u>(1,301)</u>	<u>(9,729)</u>
Cash flows from investing activities	<u>51,124</u>	<u>(647)</u>
Cash flows from financing activities		
Stockholder advances	<u>(146,766)</u>	<u>(16,500)</u>
Cash flows from financing activities	<u>(146,766)</u>	<u>(16,500)</u>
Net change in cash and cash equivalents	(31,404)	41,447
Cash and cash equivalents, beginning of year	101,548	60,101
Cash and cash equivalents, end of year	<u>\$ 70,144</u>	<u>\$ 101,548</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

PLAYlive Nation, Inc. (the “Company” and “PLAYlive Nation”) was incorporated on April 10, 2013 in the state of Washington and offers a video gaming lounge concept to qualified franchisees. The company currently offers single-unit location franchises as well as agreements to develop multiple locations.

Franchise Locations

Through December 31, 2018, the Company has entered into franchise agreements with third parties to open up 133 locations, including four locations from an entity related through common control and ownership named PLAYLive, LLC (“LLC”). As of December 31, 2018 and 2017, 48 and 37 locations were open and operating, respectively, in various states including Arizona, California, Idaho, Florida, Maryland, Michigan, Mississippi, Montana, Oregon, South Carolina, Texas, and Washington. There were also 5 stores that were transferred between franchisees during the year ending December 31, 2018. Through April 11, 2019, an additional location has been opened and is operating.

Accounting Standards Codification

The Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification™ (“Codification”) is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. The Codification is organized by overall topic which is at times referenced in the accompanying notes to the financial statements.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary significantly from estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Accounts Receivable

Management believes that all accounts receivable are collectible; therefore, no allowance for doubtful accounts has been recorded. The Company estimates the allowance for doubtful accounts based on an analysis of specific customers (i.e. franchisees), taking into consideration the age of past due accounts and an assessment of the customer’s ability to pay. Accounts receivable are written off against the allowance when management determines it is probable the receivable is worthless. Customer account balances with invoices dated over 90 days old are considered delinquent and considered in the allowance assessment. The Company performs credit evaluations of its customers and, generally, requires no collateral.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets as follows:

Computer hardware and software	5 years
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Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the respective assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

In accordance with the “Property, Plant, and Equipment” topic of the Codification the Company evaluates its long-lived assets for indicators of possible impairment. Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds its fair value. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the assets. Management believes that there is no impairment as of December 31, 2018 and 2017.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders. Also, certain states require minimum corporate taxes or taxes based on a percentage of taxable income. These amounts are not significant to the overall financial statements and have been included in selling, general, and administrative expenses.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes initial franchise fee revenue when the Company has performed substantially all the services required in the franchise agreement. Fees received that do not meet these criteria are recorded as deferred revenues until earned. Initial franchise fees are generally recognized once a location is opened to the public which is when management deems substantially all services required under the franchise agreements have been performed. Deferred revenues are classified as current or long-term based on when management estimates the revenues will be recognized. After an agreed period of time, the Company also receives monthly royalty fees from franchisees representing a percentage of on-going revenues from each franchisee which are recognized in the month earned. Management, at its discretions, may also discount the amount of royalties due from franchisees on a case by case basis.

Deferred Revenues, Net

The Company receives payments from franchisees in advance of all performance obligations having been met, including but not limited to franchisee locations being opened. As certain conditions agreed to in these franchise agreements are performed, revenues are recognized.

Deferred costs include commissions paid to brokers related to the sale of specific new franchises which have not met revenue recognition criteria as of December 31, 2018 and 2017. These costs are recognized in the same period as the initial franchise fee revenue is recognized.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. Advertising and promotion costs totaled \$270 during the year ended December 31, 2018. There was no advertising and promotion costs during the year ended December 31, 2017.

Impact of New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a single comprehensive revenue recognition model for all contracts with customers. ASU No. 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. The new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. On August 12, 2015, the FASB delayed the effective date of this standard to make it effective for nonpublic entities for annual reporting periods beginning after December 15, 2018 (i.e., January 1, 2019 for a calendar year entity). The Company is currently evaluating the impact of the new standard on the financial statements.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of New Accounting Standards (Continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020 for a calendar year entity). The Company is currently evaluating the impact of the new standard on the financial statements.

Subsequent Events

The Company has evaluated subsequent events through April 11, 2019, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31:

	2018	2017
Computer hardware and software	\$ 16,793	\$ 15,492
Leasehold improvements	2,252	2,252
	19,045	17,744
Less: Accumulated depreciation	(9,542)	(5,885)
	<u>\$ 9,503</u>	<u>\$ 11,859</u>

NOTE 3 – DEFERRED REVENUE, NET

Deferred revenue, net, consists of the following at December 31:

	2018	2017
Deferred franchise fees received	\$ 1,983,583	\$ 1,803,250
Deferred costs	(984,308)	(978,933)
	999,275	824,317
Less: Current portion of net deferred revenues	715,350	552,383
Long-term portion of net deferred revenues	<u>\$ 283,925</u>	<u>\$ 271,934</u>

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 4 – CONCENTRATIONS

Cash and Cash Equivalents

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Bank accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank. There were no uninsured bank balances at December 31, 2018 and 2017, respectively. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Brokers

The Company paid commissions to two significant third-party brokers during the year ended December 31, 2018. Broker commissions to these third party brokers accounted for approximately 73% and 20% of total broker commissions for the year ended December 31, 2018. There was \$12,000 of accounts payable due to these third-party brokers at December 31, 2018.

The Company paid commissions to two significant third-party brokers during the year ended December 31, 2017. Broker commissions to these third party brokers accounted for approximately 50% and 31% of total broker commissions for the year ended December 31, 2017. There were no accounts payable due to these third-party brokers at December 31, 2017.

NOTE 5 – RELATED PARTY TRANSACTIONS

The total balance due from LLC was \$27,375 and \$79,800 at December 31, 2018 and 2017, respectively, which has been reflected as note receivable - related party in the accompanying balance sheets. During 2017, the Company formalized the repayment of these advances requiring 120 monthly payments of \$790, including interest at 2% per annum through August 2027. Total interest income earned for 2018 and 2017 was \$1,075 and \$718, respectively.

One of the stockholders has ownership in a related party that conducted legal work for the Company during the year. During the years ended December 31, 2018 and December 31, 2017, the Company paid \$1,411 and \$3,081 in legal fees to this related party, respectively.

NOTE 6 – CONTINGENCIES

In the ordinary course of business, the Company may be subject to certain lawsuits or other potential legal matters. Management is not aware of any significant pending legal matters as of the report date.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 7 – ADVANCES TO STOCKHOLDERS

The Company has advances to the stockholders totaling \$405,279 and \$258,513 at December 31, 2018 and 2017, respectively. These amounts are due on demand, non-interest bearing and are unsecured. Additionally, they may be reclassified to distributions as taxable income is earned or re-paid through payroll. Since these advances will likely be reclassified to stockholder distributions once taxable income is earned, they are classified as a contra equity account within stockholders' deficit in the accompanying balance sheets.

NOTE 8 – ECONOMIC CONDITIONS

The Company has negative working capital and a negative stockholders' deficit of approximately \$521,000 and \$777,000, respectively at December 31, 2018. The Company also had a net loss of approximately \$37,000 and \$160,000 for the years ended December 31, 2018 and 2017, respectively. These amounts are primarily a result of the deferral of revenues and related direct deferred costs until stores open (see Note 3). The Company has positive cash flows from operations and management believes it will obtain profitability as the number of store openings continue to increase and existing stores mature.

PLAYLIVE NATION, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED
DECEMBER 31, 2017 AND 2016

PLAYLIVE NATION, INC.

Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
PLAYlive Nation, Inc.
Glendale, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of PLAYlive Nation, Inc. (a Washington S corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PLAYlive Nation, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gatto, Pope & Walwick, LLP

April 12, 2018

PLAYLIVE NATION, INC.

BALANCE SHEETS

December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 101,548	\$ 60,101
Accounts receivable	91,655	14,425
Note receivable - related party, current portion	<u>7,896</u>	<u>-</u>
Total current assets	<u>201,099</u>	<u>74,526</u>
Property and equipment, net	11,859	4,957
Other assets		
Note receivable - related party, net of current portion	<u>71,904</u>	<u>88,882</u>
Total assets	<u><u>\$ 284,862</u></u>	<u><u>\$ 168,365</u></u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities		
Accounts payable	\$ 53,986	\$ 85,478
Current portion of net deferred revenues	<u>552,383</u>	<u>287,558</u>
Total current liabilities	<u>606,369</u>	<u>373,036</u>
Long-term liabilities		
Net deferred revenues, less current portion	<u>271,934</u>	<u>212,109</u>
Total liabilities	<u>878,303</u>	<u>585,145</u>
Stockholders' deficit		
Common stock	-	-
Additional paid in capital	100,000	100,000
Advances to stockholders	(258,513)	(242,013)
Accumulated deficit	<u>(434,928)</u>	<u>(274,767)</u>
Total stockholders' deficit	<u>(593,441)</u>	<u>(416,780)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 284,862</u></u>	<u><u>\$ 168,365</u></u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF OPERATIONS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Initial franchise fees	\$ 339,917	\$ 153,333
Franchise royalty fees	151,071	100,194
Other fees	<u>49,101</u>	<u>26,855</u>
Total revenues	<u>540,089</u>	<u>280,382</u>
Cost of revenues		
Cost of initial franchise fees	198,567	116,433
Cost of franchise royalty fees	<u>8,700</u>	<u>4,359</u>
Total cost of revenues	<u>207,267</u>	<u>120,792</u>
Gross profit	332,822	159,590
Selling, general, and administrative expenses	<u>492,983</u>	<u>403,676</u>
Loss from operations	(160,161)	(244,086)
Debt forgiveness income	<u>-</u>	<u>10,000</u>
Net loss	<u>\$ (160,161)</u>	<u>\$ (234,086)</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

Years Ended December 31, 2017 and 2016

	Common Stock (1) Shares	Amount	Additional Paid In Capital	Advances to Stockholders	Accumulated Deficit	Total Stockholders' Deficit
Balance, December 31, 2015	10,000	\$ -	\$ 100,000	\$ (181,966)	\$ (20,681)	\$ (102,647)
Net loss	-	-	-	-	(234,086)	(234,086)
Stockholder advances	-	-	-	(60,047)	-	(60,047)
Stockholder distributions	-	-	-	-	(20,000)	(20,000)
Balance, December 31, 2016	10,000	-	100,000	(242,013)	(274,767)	(416,780)
Net loss	-	-	-	-	(160,161)	(160,161)
Stockholder advances	-	-	-	(16,500)	-	(16,500)
Balance, December 31, 2017	10,000	\$ -	\$ 100,000	\$ (258,513)	\$ (434,928)	\$ (593,441)

(1) No par value, 10,000 shares authorized, issued, and outstanding at December 31, 2017 and 2016.

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (160,161)	\$ (234,086)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation	2,827	1,585
Related party advances - rent	-	20,300
Debt forgiveness income	-	(10,000)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(77,230)	(3,515)
Other receivable	-	2,700
Increase (decrease) in:		
Accounts payable	(31,492)	(21,481)
Deferred revenues	324,650	333,000
Cash flows from operating activities	<u>58,594</u>	<u>88,503</u>
Cash flows from investing activities		
Repayments on (advances) on note receivable - related party	9,082	(2,350)
Purchases of property and equipment	(9,729)	-
Cash flows from investing activities	<u>(647)</u>	<u>(2,350)</u>
Cash flows from financing activities		
Stockholder distributions	-	(20,000)
Stockholder advances	(16,500)	(60,047)
Cash flows from financing activities	<u>(16,500)</u>	<u>(80,047)</u>
Net change in cash and cash equivalents	41,447	6,106
Cash and cash equivalents, beginning of year	60,101	53,995
Cash and cash equivalents, end of year	<u>\$ 101,548</u>	<u>\$ 60,101</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

PLAYlive Nation, Inc. (the “Company” and “PLAYlive Nation”) was incorporated on April 10, 2013 in the state of Washington and offers a video gaming lounge concept to qualified franchisees. The company currently offers single-unit location franchises as well as agreements to develop multiple locations.

Franchise Locations

Through December 31, 2017, the Company has entered into franchise agreements with third parties to open up 120 locations, including four locations from an entity related through common control and ownership named PLAYLive, LLC (“LLC”). As of December 31, 2017, 37 locations were open and operating (21 as of December 31, 2016) in various states including California, Idaho, Florida, Mississippi, Montana, Oregon, Texas, and Washington. Through April 12, 2018, an additional 2 locations have been opened and are operating.

Accounting Standards Codification

The Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification™ (“Codification”) is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. The Codification is organized by overall topic which is at times referenced in the accompanying notes to the financial statements.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary significantly from estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Accounts Receivable

Management believes that all accounts receivable are collectible; therefore, no allowance for doubtful accounts has been recorded. The Company estimates the allowance for doubtful accounts based on an analysis of specific customers (i.e. franchisees), taking into consideration the age of past due accounts and an assessment of the customer’s ability to pay. Accounts receivable are written off against the allowance when management determines it is probable the receivable is worthless. Customer account balances with invoices dated over 90 days old are considered delinquent and considered in the allowance assessment. The Company performs credit evaluations of its customers and, generally, requires no collateral.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets as follows:

Computer hardware and software	5 years
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Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the respective assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

In accordance with the “Property, Plant, and Equipment” topic of the Codification the Company evaluates its long-lived assets for indicators of possible impairment. Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds its fair value. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the assets. Management believes that there is no impairment as of December 31, 2017 and 2016.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders. Also, certain states require minimum corporate taxes or taxes based on a percentage of taxable income. These amounts are not significant to the overall financial statements and have been included in selling, general, and administrative expenses.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes initial franchise fee revenue when the Company has performed substantially all the services required in the franchise agreement. Fees received that do not meet these criteria are recorded as deferred revenues until earned. Initial franchise fees are generally recognized once a location is opened to the public which is when management deems substantially all services required under the franchise agreements have been performed. Deferred revenues are classified as current or long-term based on when management estimates the revenues will be recognized. After an agreed period of time, the Company also receives monthly royalty fees from franchisees representing a percentage of on-going revenues from each franchisee which are recognized in the month earned. Management, at its discretions, may discount the amount of royalties due from franchisees.

Deferred Revenues, Net

The Company receives payments from franchisees in advance of all performance obligations having been met, including but not limited to franchisee locations being opened. As certain conditions agreed to in these franchise agreements are performed, revenues are recognized.

Deferred costs include commissions paid to brokers related to the sale of specific new franchises which have not met revenue recognition criteria as of December 31, 2017 and 2016. These costs are recognized in the same period as the initial franchise fee revenue is recognized.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. There was no advertising and promotion costs during the year ended December 31, 2017. Advertising and promotion costs totaled \$11,886 during the years ended December 31, 2016.

Impact of New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a single comprehensive revenue recognition model for all contracts with customers. ASU No. 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. The new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. On August 12, 2015, the FASB delayed the effective date of this standard to make it effective for nonpublic entities for annual reporting periods beginning after December 15, 2018 (i.e., January 1, 2019 for a calendar year entity). If companies elect the full retrospective transition method than the ASU would need to be applied as of January 1, 2018. The Company is currently evaluating the impact of the new standard on the financial statements.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020 for a calendar year entity). Early application is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. The Company is currently evaluating the impact of the new standard on the financial statements.

Reclassifications

Certain amounts in 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements. There was no impact to total stockholders' deficit or net loss previously reported in the 2016 financial statements as a result of these reclassifications. The reclassifications related to due from related party being reclassified to note receivable – related party at December 31, 2016.

Subsequent Events

The Company has evaluated subsequent events through April 12, 2018, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31:

	2017	2016
Computer hardware and software	\$ 15,492	\$ 5,763
Leasehold improvements	2,252	2,252
	17,744	8,015
Less: Accumulated depreciation	(5,885)	(3,058)
	<u>\$ 11,859</u>	<u>\$ 4,957</u>

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 3 – DEFERRED REVENUE, NET

Deferred revenue, net, consists of the following at December 31:

	2017	2016
Deferred franchise fees received	\$ 1,803,250	\$ 1,363,167
Deferred costs	(978,933)	(863,500)
	824,317	499,667
Less: Current portion of net deferred revenues	552,383	287,558
Long-term portion of net deferred revenues	\$ 271,934	\$ 212,109

NOTE 4 – CONCENTRATIONS

Cash and Cash Equivalents

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Bank accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank. There were no uninsured bank balances at December 31, 2017 and 2016, respectively. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Brokers

The Company paid commissions to two significant third party brokers during the year ended December 31, 2017. Broker commissions to these third party brokers accounted for approximately 50% and 31% of total broker commissions for the year ended December 31, 2017. There was no accounts payable due to these third party brokers at December 31, 2017.

The Company paid commissions to two significant third party brokers during the year ended December 31, 2016. Broker commissions to these third party brokers accounted for approximately 60% and 20% of total broker commissions for the year ended December 31, 2016. Accounts payable due to these third party brokers totaled \$60,500 at December 31, 2016.

NOTE 5 – DEBT FORGIVENESS INCOME

During the year ended December 31, 2016, the Company had a short-term note payable to a third party totaling \$10,000 forgiven. This amount is included in other income in the accompanying statements of operations for the year ended December 31, 2016.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company paid for certain operating costs of LLC totaling \$2,350. Additionally, the Company used office space which was leased by LLC. Total rent expense to LLC for the year ended December 31, 2016 was \$36,254. By the end of 2016, PLAYlive Nation moved their headquarters to Arizona and stopped paying rent to LLC since they no longer operated in LLC's office space. The total balance due from LLC was \$79,800 and \$88,882 at December 31, 2017 and 2016, respectively, which has been reflected as note receivable - related party in the accompanying balance sheets. During 2017, the Company formalized the repayment of these advances requiring 120 monthly payments of \$790, including interest at 2% per annum through August 2027.

NOTE 7 – CONTINGENCIES

In the ordinary course of business, the Company may be subject to certain lawsuits or other potential legal matters. Management is not aware of any significant pending legal matters as of the report date.

NOTE 8 – ADVANCES TO STOCKHOLDERS

The Company has advances to the stockholders totaling \$258,513 and \$242,013 at December 31, 2017 and 2016, respectively. These amounts are due on demand, non-interest bearing and are unsecured. Additionally, they may be reclassified to distributions as taxable income is earned or re-paid through payroll. Since these advances will likely be reclassified to stockholder distributions once taxable income is earned, they are classified as a contra equity account within stockholders' deficit in the accompanying balance sheets.

NOTE 9 – ECONOMIC CONDITIONS

The Company has negative working capital and a negative stockholders' deficit of approximately \$405,000 and \$593,000, respectively at December 31, 2017. The Company also had a net loss of approximately \$160,000 and \$234,000 for the years ended December 31, 2017 and 2016, respectively. These amounts are primarily a result of the deferral of revenues and related direct deferred costs until stores open (see Note 3). The Company has positive cash flows from operations and management believes it will obtain profitability as the number of store openings continue to increase and existing stores mature.

PLAYLIVE NATION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED
DECEMBER 31, 2016**

PLAYLIVE NATION, INC.

Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
PLAYlive Nation, Inc.
Olympia, WA

Report on the Financial Statements

We have audited the accompanying financial statements of PLAYlive Nation, Inc. (a Washington S-Corporation), which comprise the balance sheet as of December 31, 2016, and the related statements of operations, changes in stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 from material misstatement.

An audit involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PLAYlive Nation, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gatto, Pope & Walwick, LLP

October 27, 2017

PLAYLIVE NATION, INC.

BALANCE SHEET

December 31, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 60,101
Accounts receivable	14,425
Total current assets	<u>74,526</u>
Property and equipment, net	4,957
Due from related party	<u>88,882</u>
Total assets	<u>\$ 168,365</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities	
Accounts payable	\$ 85,478
Current portion of net deferred revenues	287,558
Total current liabilities	<u>373,036</u>
Long-term liabilities	
Net deferred revenues, less current portion	<u>212,109</u>
Total liabilities	<u>585,145</u>
Stockholders' deficit	
Common stock	-
Additional paid in capital	100,000
Advances to stockholders	(242,013)
Accumulated deficit	(274,767)
Total stockholders' deficit	<u>(416,780)</u>
Total liabilities and stockholders' deficit	<u>\$ 168,365</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 2016

Revenues	
Initial Franchise fees	\$ 153,333
Franchise royalty fees	100,194
Other fees	<u>26,855</u>
Total revenues	<u>280,382</u>
Cost of revenues	
Cost of initial franchise fees	116,433
Cost of franchise royalty fees	<u>4,359</u>
Total cost of revenues	<u>120,792</u>
Gross profit	159,590
Selling, general, and administrative expenses	<u>403,676</u>
Loss from operations	(244,086)
Debt forgiveness income	<u>10,000</u>
Net loss	<u><u>\$ (234,086)</u></u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

Year Ended December 31, 2016

	(1) Common Stock Shares	Amount	Additional Paid In Capital	Advances to Stockholders	Accumulated Deficit	Total Stockholders' Deficit
Balance, December 31, 2015	10,000	\$ -	\$ 100,000	\$ (181,966)	\$ (20,681)	\$ (102,647)
Net loss	-	-	-	-	(234,086)	(234,086)
Stockholder advances	-	-	-	(60,047)	-	(60,047)
Stockholder distributions	-	-	-	-	(20,000)	(20,000)
Balance, December 31, 2016	10,000	\$ -	\$ 100,000	\$ (242,013)	\$ (274,767)	\$ (416,780)

(1) No par value, 10,000 shares authorized, issued and outstanding at December 31, 2016.

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

Cash flows from operating activities

Net loss	\$ (234,086)
Adjustments to reconcile net loss to cash flows from operating activities:	
Depreciation	1,585
Related party advances - rent	20,300
Debt forgiveness income	(10,000)
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(3,515)
Other Receivable	2,700
Increase (decrease) in:	
Accounts payable	(21,481)
Deferred revenues	333,000
Cash flows from operating activities	<u>88,503</u>

Cash flows from investing activities

Related party advances	<u>(2,350)</u>
Cash flows from investing activities	<u>(2,350)</u>

Cash flows from financing activities

Stockholder distributions	(20,000)
Stockholder advances	<u>(60,047)</u>
Cash flows from financing activities	<u>(80,047)</u>

Net change in cash and cash equivalents	6,106
Cash and cash equivalents, beginning of year	<u>53,995</u>
Cash and cash equivalents, end of year	<u>\$ 60,101</u>

The accompanying notes are an integral part of these financial statements.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

PLAYlive Nation, Inc. ("Company") was incorporated on April 10, 2013 in the State of Washington and offers a video gaming lounge concept ("PLAYlive Nation") to qualified franchisees. The company currently offers single-unit location franchises as well as agreements to develop multiple locations.

Franchise Locations

Through December 31, 2016 the Company has entered into franchise agreements with third parties to open up to ninety four locations, including four locations from an entity related through common control and ownership, PLAYlive, LLC ("LLC"). As of December 31, 2016, twenty-one locations were open and operating in various states including Washington, Idaho, California, Montana, Florida and Oregon. Through October 27, 2017, an additional 10 locations have been opened and are operating.

Accounting Standards Codification

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification™ ("Codification") is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. The Codification is organized by overall topic which is at times referenced in the accompanying notes to the financial statements.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary significantly from estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Accounts Receivable

Management believes that all accounts receivable are collectible; therefore, no allowance for doubtful accounts has been recorded. The Company estimates the allowance for doubtful accounts based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. Accounts receivable are written off against the allowance when management determines it is probable the receivable is worthless. Customer account balances with invoices dated over 90 days old are considered delinquent and considered in the allowance assessment. The Company performs credit evaluations of its customers and, generally, requires no collateral.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders. Also, certain states require minimum corporate taxes or taxes based on a percentage of taxable income. These amounts are not significant to the overall financial statements and have been included in general and administrative expenses.

Revenue Recognition

The Company recognizes initial franchise fee revenue when the Company has performed substantially all the services required in the franchise agreement. Fees received that do not meet these criteria are recorded as deferred revenues until earned. Initial franchise fees are generally recognized once a location is opened to the public which is when management deems substantially all services required under the franchise agreements have been performed. Deferred revenues are classified as current or long-term based on when management estimates the revenues will be recognized. After an agreed period of time, the Company also receives monthly royalty fees from franchisees representing a percentage of ongoing revenues from each franchisee which are recognized in the month earned.

Deferred Revenues, net

The Company receives payments from franchisees in advance of all performance obligations having been met, including but not limited to franchisee locations being opened. As certain conditions agreed to in these franchise agreements are performed, revenues are recognized.

Deferred costs include commissions paid to brokers related to the sale of specific new franchises which have not met revenue recognition criteria as of December 31, 2016. These costs are recognized in the same period as the initial franchise fee revenue is recognized.

Total following is a summary of net deferred revenues at December 31, 2016:

Deferred franchise fees received	\$ 1,363,167
Deferred costs	(863,500)
	<u>\$ 499,667</u>
Current	\$ 287,558
Long-term	212,109
	<u>\$ 499,667</u>

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets as follows:

Computer hardware and software	5 years
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Property and equipment is stated net of accumulated depreciation of \$3,058 at December 31, 2016. Total depreciation expense for the year ended December 31, 2016 was \$1,585.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. Advertising and promotion costs totaled \$11,886 during the year ended December 31, 2016.

Subsequent Events

The Company has evaluated subsequent events through October 27, 2017, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

NOTE 2 – CONCENTRATIONS

Cash and Cash Equivalents

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Bank accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank. There were no uninsured bank balances at December 31, 2016. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Brokers

The Company uses several third party brokers to find franchisees and incurs commission expense. During the year ended December 31, 2016 two brokers accounted for approximately 60% and 20% of total broker commissions. Accounts payable to these brokers totaled \$60,500 at December 31, 2016.

NOTE 3 – DEBT FORGIVENESS INCOME

During the year ended December 31, 2016, the Company had a short-term note payable to a third party totaling \$10,000 forgiven. This amount is included in other income in the accompanying statement of operations.

PLAYLIVE NATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company paid for certain operating costs of LLC totaling \$2,350. Additionally, the Company uses office space which is leased by LLC. Total rent expense to LLC for the year ended December 31, 2016 was \$36,254. The total balance due from LLC was \$88,882 at December 31, 2016, which has been reflected as due from related party in the accompanying balance sheet. These amounts are unsecured, non-interest bearing and are due on demand but repayment is not expected within the next year so it has been classified as long-term. On July 26, 2017 the Company formalized the repayment of these advances in a note receivable with LLC. The note requires 120 monthly payments of \$790 including interest at 2% per annum through August 2027.

NOTE 5 – CONTINGENCIES

In the ordinary course of business, the Company may be subject to certain lawsuits or other potential legal matters. Management is not aware of any significant pending legal matters as of the report date.

NOTE 6 – ADVANCES TO STOCKHOLDERS

The Company has advances to the stockholders totaling \$242,013 at December 31, 2016. These amounts are due on demand, non-interest bearing and are unsecured. Additionally, they may be reclassified to distributions as taxable income is earned or re-paid through payroll. Since these advances will likely be reclassified to stockholder distributions once taxable income is earned, they are classified as a contra equity account within stockholders' deficit in the accompanying balance sheet.

NOTE 7 – ECONOMIC CONDITIONS

The Company has negative working capital and a negative stockholders' deficit of approximately \$299,000 and \$416,000, respectively at December 31, 2016. The Company also had a net loss of approximately \$234,000 for the year ended December 31, 2016. These amounts are primarily a result of the deferral of revenues and related direct deferred costs until stores open (see Note 1 "Revenue Recognition"). The Company has positive cash flows from operations and management believes it will obtain profitability as the number of store openings continue to increase and existing stores mature.

EXHIBIT F

TO DISCLOSURE DOCUMENT

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PLAYlive University

OPERATIONS MANUAL

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General

- 5.5.1 Xbox One Disassembly
- 5.5.2 Xbox One Software/Misc

Controller

- 5.5.3 Xbox One Controller Disassembly
- 5.5.4 Xbox One Controller Shell Installation
- 5.5.5 Xbox One Controller Thumbstock Replacement
- 5.5.6 (Pending) Xbox One Xbox One Controller Bumper Switcher Replacement
- 5.5.7 Xbox One Controller Firmware Update

Disc Drive

- 5.5.8 Xbox One Drive Disassembly
- 5.5.9 Xbox One Drive Replacement

5.6 PlayStation 4

General

- 5.6.1 PlayStation 4 Disassembly
- 5.6.2 PlayStation 4 Software/Misc
- 5.6.3 PlayStation 4 HDMI Port Repair

Controller

- 5.6.4 PlayStation 4 Controller Disassembly
- 5.6.5 PlayStation 4 Controller Shell Installation

Disc Drive

- 5.6.6 PlayStation 4 Drive Disassembly
- 5.6.7 PlayStation 4 Drive Replacement

5.7 Nintendo Wii-U

General

- 5.7.1 Nintendo Wii-U Disassembly
- 5.7.2 Wii-U Software/Misc

Gamepad

- 5.7.3 Nintendo Wii-U Tablet Disassembly
- 5.7.4 Nintendo Wii-U Trigger & Bumper Replacement
- 5.7.5 (Pending) Nintendo Analog Sensor Replacement

Disc Drive

- 5.7.6 Nintendo Wii-U Drive Disassembly
- 5.7.7 Nintendo Wii-U Drive Replacement

6) Tournaments

6.0 Event Development And Important Information

- 6.0.1 (Pending) Events General Information

6.1 Local Competitions

6.2 National Competitions

EXHIBIT G

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEE

List of PLAYlive Nation's Current Franchisees

Name	Address	City	St	Zip	Telephone	MUDA
Ajay & Schwetta Shah	226 Clementina Dr	Hacienda Heights	CA	91745	(562) 640-0670	Yes
Balaji Guda & Veeresh Kolluru	1721 N Terracina Dr	Dublin	CA	94568	(408) 431-1385	Yes
Bradley Whittaker	27192 Westridge Ln	Laguna Hills	CA	92653	(858) 212-4375	Yes
Brian Chu & Richard Loo	111 Laura Way	Orinda	CA	94563	(925) 899-3208	Yes
Bryan Barton	22321 Parkwood St	Lake Forest	CA	92630	(714) 906-8707	Yes
Carlos & Patricia Luna	22117 Blackhawk St	Chatsworth	CA	91311	(818) 322-5143	Yes
Cynthia & Oliver Obusan	2384 Kenwood Ave	San Jose	CA	95128	(480) 344-5708	No
Dale & Steve Blanchard	1824 Newark Ave	Thousand Oaks	CA	91360	(818) 665-6359	Yes
Deven Jatkar	2050 Jamison Pl	Santa Clara	CA	95051	(408) 506-0156	No
Hilal Abu-Zahra	45588 Pelican Hill Ct	Indio	CA	92201	(617) 669-5179	Yes
Juliene Adriano & Donald Simmons	7310 Parkway Dr, Apt 111	La Mesa	CA	91942	(310) 872-7676	No
Kendrick Khouy	1256 W 37th Drive	Los Angeles	CA	90007	(860) 940-5437	No
Lynne Goldsmith	28341 Millwood Rd	Trabuco Canyon	CA	92679	(949) 636-0562	Yes
Manohar Sanampudi & Sree Sushma Mikkilineni	3671 Wodzienski Drive	San Jose	CA	95148	(408) 821-9155	Yes
Milan Parekh	7084 Friars Rd, Ste 533	San Diego	CA	92108	(847) 909-8788	No
Paresh Mital	2201 Marselina	Tustin	CA	92782	(248) 867-6883	Yes
Robert Meehan	2745 Pearl Harbor Rd	Alameda	CA	94501	(925) 202-8945	Yes
Ryan Wibawa & Celvie Toramaya	5471 Black Avenue #3	Pleasanton	CA	94566	(415) 465-7926	Yes
Sashikanth Challa	34520 Willbridge Terrace	Fremont	CA	94555	(301) 442-3038	Yes
Sri Lakshmi Gunna & Sangha Mithra Bandi	5250 Fortezza Court	Dublin	CA	94568	(408) 757-1843	Yes
Clark & Beth Shoenberger	4854 Ocean Forest Ln	Fernandina Beach	FL	32034	(904) 206-2516	Yes
Gilda & Hoseazell Durant / Ben Lawson	5371 Alcola Way South	St. Petersburg	FL	33712	(727) 575-7858	Yes
Hannah Martinez	140 W Sunrise Ave	Coral Gables	FL	33133	(917) 941-5856	Yes

Ken McCutcheon	1550 Chateau Wood Dr	Clearwater	FL	33764	(727) 458-7362	Yes
Michael & Devora Rosenberg	310 Saddle Creek Ln	Roswell	GA	30076	(818) 770-6323	Yes
Craig & Jen Campbell	411 Deinhard Ln Ste G	McCall	ID	83638	(208) 469-0156	No
Shawn Olivier & Brandon Janvier	227 Riverwood Dr	Houma	LA	70360	(985) 278-1637	No
John Robinson	5040 Danigus Ln	Huntingtown	MD	20639	(301) 440-7440	No
Venkat Govindu	50412 Lansdowne Rd	Canton	MI	48188	(248) 894-3033	Yes
Brian Van Wyk	308 Bramtonn Pl	Arnold	MS	63010	(618) 709-3760	Yes
Jon & Brandy Bessmer	3220 Banff Ave, Apt 1	Billings	MT	59102	(406) 671-3992	No
Jeffery Bogusz & Lana Garten	3460 Berea Rd	Cleveland	OH	44111	(216) 316-8080	Yes
Steven Davey	3838 Fairhaven Dr W	Linn	OR	97068	(503) 529-9151	Yes
Eric & Cathrine Jewell	6 Beacon Point Ct	Irmo	SC	29063	(803) 407-4083	No
Charles Centore	25218 Sierra Woods Ln	Katy	TX	77494	(832) 349-6883	No
Glover Harris & Lee Stewart	1034 Sundance Fort	San Antonio	TX	78245	(210) 718-8488	Yes
Jared Mathis & Amy Mathis	16561 Custer Trail	Frisco	TX	75035	(214) 316-7316	Yes
Jeff Wilkinson	11205 Solitary Fawn Trl	Austin	TX	78735	(512) 689-0732	Yes
Joseph Bateman	323 Naples Ln	Austin	TX	78737	(512) 923-1454	No
Luis & Shelly Hernandez	18215 Branson Falls St	San Antonio	TX	78255	(214) 724-8746	Yes
Paul Knight	3708 Bayberry Ct	McKinney	TX	75070	(502) 403-4199	Yes
Debby Kallinikos	3713 W. Cranberry Cir	Lehi	UT	84043	(801) 455-1044	Yes
Ben Ramirez	750 NE Larson Lake Rd	Belfair	WA	98529	(360) 649-9361	No
Bhavin Shah & Minalben Shah	4018 NW 20th Ave	Camas	WA	98607	(541) 908-3143	No
Bruce Frazier / Glenda Frazier	80 Gala Dr	Selah	WA	98942	(509) 969-0125	Yes
Doug & Brian Morrill	1420 Sumner Ave	Aberdeen	WA	98520	(360) 500-0807	No
Garr Godfrey / Ben Exworthy	2025 1st Ave 1200	Seattle	WA	98121	(206) 972-0444	No
Jaspreet Singh Dhoot	11328 NE 51st Cir Apt Y278	Vancouver	WA	98682	(360) 521-6343	No
Michale Dolittle	PO Box 1208	Ocean Shores	WA	98569	(360) 580-9689	No

Nate Halsell / Brian Shelton	9519 160th St Ct E	Puyallup	WA	98375	(253) 330-6021	No
Romeo Solis	6318 Westgate Blvd	Tacoma	WA	98406	(956) 330-1735	No
Rosemarie Spaulding	129 West Railroad Ave	Shelton	WA	98584	(360) 791-6949	No
Tim Alexander	625 Black Lake Blvd S.W.	Olympia	WA	98502	(802) 591-7177	No

EXHIBIT H

TO DISCLOSURE DOCUMENT

**FRANCHISEES WHO HAVE
LEFT THE SYSTEM**

LIST OF FORMER FRANCHISEES
As of ~~December 31, 2018~~August 22, 2019

Owner(s)	Address	City	State	Zip	Phone Number
Rick and Teresa Taylor	1022 Border Lane	Moscow	ID/WA	83843	(208) 874-3371
LaRoy and LaQuanta Brisco	24001 Ashleigh Drive	Gulfport	MS	39503	(713) 344-1065
John Rand	260 Ferndale Drive	Eugene	OR	97404	(541) 688-0597
Bruce & Glenda Frazier	2529 Main Street	Union Gap	WA	98902	(509) 969-0125
Stephen & Jacquely Fust	4400 S. Tableridge Way	Boise	ID	83716	(208) 284-2444
Kevin & Lori Posey	20615 Pesaro Way	Porter Ranch	CA	91326	(714) 972-2154

EXHIBIT I

TO DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES

AND

REGULATORS

**DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS**

FEDERAL

FEDERAL TRADE COMMISSION

Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, D.C. 20580
Tel: 202-236-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of Business Oversight
California Commissioner of Business Oversight
One Sansome Street #600
San Francisco, CA 94104
866-275-2677

CONNECTICUT

Banking Commissioner
44 Capitol Avenue
Hartford, Connecticut 06106
317-232-6685

FLORIDA

State Department of Agriculture and
Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, FL 32314-6700
850-410-3754

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street Room 203
Honolulu, Hawaii 96813
808-586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
217-782-4465

INDIANA

Chief Deputy Commissioner
Securities Divisions
302 West Washington Street Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General,
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN

Franchise Administrator
670 Law Building
Lansing, Michigan 48913
517-373-7117

MINNESOTA

Director of Registration
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, Minnesota 55101
612-296-2284

NEW YORK

New York State Attorney General
The Administrator for New York
28 Liberty Street
New York, NY 10005
212-416-8222

NORTH DAKOTA

Franchise Examiner
600 East Boulevard 5th Floor
Bismarck, North Dakota 58505
701-224-4712

RHODE ISLAND

Associate Director and Superintendent of Securities
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
401-277-3048

TEXAS

Secretary of State
P.O. Box 12697
Austin, Texas 78711-2697

1019 Brazos
Austin, Texas 78701
512-463-5701

WISCONSIN

Commissioner of Securities or
Franchise Administrator
101 East Wilson Street
P.O. Box 1768
Madison, Wisconsin 53701
Commissioner 608-266-3431
Franchise Administrator 608-266-8559

OREGON

Department of Insurance and Finance
Division of Finance & Corporate Securities
Securities Section
21 Labor and Industries Building
Salem, Oregon 97310
503-378-4387

SOUTH DAKOTA

Franchise Administrator
Division of Securities
910 East Sioux
Pierre, South Dakota 57501
605-773-4823

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main St, 1st Floor
Richmond, Virginia 23219
804-371-9733

State Corporation Commission
1300 East Main St. 9th Floor
Richmond, Virginia 23219
804-371-9051

WASHINGTON

Securities Administrator
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

CANADA

Director of Franchises
Alberta Securities Commission Agency
21st Floor
10025 Jasper Avenue
Edmonton, Alberta T5J 3Z5

Director of Franchises
New Brunswick Securities Commission
Suite 300
85 Charlotte Street
Saint John, New Brunswick 32L 2J2

Director of Franchises
Ontario Securities Commission
Suite 1903
20 Queen Street, West
Toronto, Ontario MSH 3S8
(416) 593-8314

Office of the Attorney General
Consumer, Corporate, and Insurance Division
PEI Securities Office
P.O. Box 2000
Charlottetown, Prince Edward Island
C1A 7N8
(902) 368-4569

AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Franchisor has 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 Franchisor has appointed an agent for services of process.

There may also be additional agents appointed in some of the states listed.

Alabama

Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242 0240 (Fax)

Colorado

Division of Securities
1560 Broadway Street, Suite 900
Denver, CO 80202
(303) 894-2320
(303) 861-2126 (Fax)

Alaska

Dept. of Community and Economic
Development
Div. of Banking, Securities & Corporations
150 Third Street, Room 217
(907) 465-2521
(907) 465-1230 (Fax)

Connecticut

Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230
(860) 240-8295 (Fax)

Arizona

Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007
(602) 542-4242
(602) 594-7470 (Fax)

Delaware

Department of Justice
Division of Securities
Carvel State Office Building
820 North French Street, 5th Fl.
Wilmington, DE 19801
(302) 577-8424
(302) 577-6987 (Fax)

Arkansas

Securities Department
Heritage West Building
201 East Markham, Room 300
Little Rock, AR 72201-1692
(501) 324-9260
(501) 324-9268 (Fax)

District of Columbia

Department of Insurance & Securities
Regulation
Securities Bureau
810 First Street, NE, Suite 622
Washington, DC 20002
(202) 727-8000
(202) 535-1199 (Fax)

California

Department of Business Oversight
Commissioner of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814
1-866-275-2677
(916) 445-7975 (Fax)

Florida

Financial Services Commission
Office of Financial Regulation
200 East Gaines Street
The Fletcher Building
Tallahassee, FL 32399-0372
(850) 410-9805
(850) 410-9748 (Fax)

AGENTS FOR SERVICE OF PROCESS

Georgia

Office of the Secretary of State
Division of Business Services and Regulation
Two Martin Luther King, Jr. Drive SE
802 West Tower
Atlanta, GA 30334
(404) 656-3920
(404) 651-6451 (Fax)

Iowa

Insurance Division
Securities Bureau
340 E. Maple Street
Des Moines, IA 50319-0066
(515) 281-4441
(515) 281-3059 (Fax)

Hawaii

Department of Commerce & Consumer
Affairs
Division of Business Regulation
335 Merchant Street Room 203
Honolulu, HI 96813
(808) 586-2744
(808) 586-2733 (Fax)

Kansas

Office of the Securities Commissioner
618 South Kansas Avenue
Topeka, KS 66603-3804
(785) 296-3307
(785) 296-6872 (Fax)

Idaho

Department of Finance
800 Park Boulevard Suite 200
Boise, ID 83712
(208) 332-8004
(208) 332-8099 (Fax)

Kentucky

Department of Financial Institutions
1025 Capital Center Drive Suite 200
Frankfort, KY 40601
(502) 573-3390
(800) 223-2579

Illinois

Office of the Attorney General
State of Illinois
Franchise Bureau
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Louisiana

Securities Commission
Office of Financial Institutions
8660 United Plaza Blvd. Second Floor
Baton Rouge, LA 70809-7024
(225) 925-4512
(225) 925-4548 (Fax)

Indiana

Office of the Secretary of State
Securities Division
302 West Washington Room E-111
Indianapolis, IN 46204
(317) 232-6681
(317) 233-3675 (Fax)

Maine

Securities Division
State House Station 121
Augusta, ME 04333
(207) 624-8551
(207) 624-8590 (Fax)

AGENTS FOR SERVICE OF PROCESS

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Montana

Office of the State Auditor
Securities Department
840 Helena Avenue
Helena, MT 59601
(406) 444-2040
(406) 444-5558 (Fax)

Massachusetts

Securities Division
One Ashburton Place Room 1701
Boston, MA 02108
(617) 727-3548
(617) 248-0177 (Fax)

Nebraska

Nebraska Department of Banking & Finance
1230 "O" Street, Suite 400
Lincoln, NE 68509-5006
(402) 471-3445

Michigan

Conduct Review & Securities Division
Office of Financial & Ins. Services
Dept. of Labor & Economic Growth
611 West Ottawa St, Third Floor
Lansing, MI 48933
(877)999-6442
(517)241-3953 (Fax)

New Hampshire

Bureau of Securities Regulation
State House Annex
Suite 317A 3rd Floor
Concord, NH 03301
(603) 271-1463
(603) 271-7933 (Fax)

Minnesota

Commissioner of Commerce
85 7th Place East, Suite 500
Saint Paul, MN 55101
(651) 296-4026
(651) 296-4328 (Fax)

New Jersey

Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
(973) 504-3600
(973) 504-3601 (Fax)

Mississippi

Office of the Secretary of State Business
Regulation & Enforcement Division
700 North Street
Jackson, MS 39202
(601) 359-6371

New Mexico

Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4580

Missouri

Office of the Secretary of State
600 West Main Street
Jefferson City, MO 65101
(573) 751-4136
(573) 526-3124 (Fax)

New York

Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231-0001
(212) 416-8222

AGENTS FOR SERVICE OF PROCESS

North Carolina

Secretary of State
Securities Division
Old Revenue Complex
2 S. Salisbury Street
Raleigh, NC 27601
(919) 733-3924
(919) 821-0818 (Fax)

North Dakota

Securities Commission
600 East Boulevard
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910
(701) 328-2946 (Fax)

Ohio

Division of Securities
77 South High Street 22nd Floor
Columbus, OH 43215
(614) 644-7381
(614) 466-3316 (Fax)

Oklahoma

Department of Securities
1st National Center, Suite 860
120 N. Robinson
Oklahoma City, OK 73102
(405) 280-7700
(405) 280-7742 (Fax)

Oregon

Department of Consumer
& Business Services
Div. of Finance & Corp. Securities
350 Winter Street, NE
Room 410
Salem, OR 97301-3881
(503) 378-4387
(503) 947-7862 (Fax)

Pennsylvania

Securities Commission
Eastgate Office Building
1010 North 7th Street, 2nd Floor
Harrisburg, PA 17102-1410
(717) 787-8061
(717) 783-5122 (Fax)

Puerto Rico

Commission of Financial Institutions
1492 Ponce de Leon Avenue
Suite 600
San Juan, PR 00907
(787) 723-3131 ext. 2222

Rhode Island

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9588
(401) 462-9645 (Fax)

South Carolina

Office of the Attorney General
Securities Division
Rembert C. Dennis Office Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-4731
(803) 734-0032 (Fax)

South Dakota

Division of Securities
124 Euclid, Suite 104
Pierre, SD 57501-2000
(605) 773-4823
(605) 773-5953 (Fax)

AGENTS FOR SERVICE OF PROCESS

Tennessee

Department of Commerce & Insurance
Securities Division
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, TN 37243-0575
(615) 741-2947
(615) 532-8375 (Fax)

Texas

State Securities Board
208 East 10th Street, 5th Floor
Austin, TX 78701
(512) 305-8300

U.S. Virgin Islands

Division of Banking and Insurance
18 Kongens Gade
Saint Thomas, VI 00802
(340) 774-7166

Utah

Department of Commerce
Division of Securities
160 East 300 South 2nd Floor
Salt Lake City, UT 84111
(801) 530-6600
(801) 530-6980 (Fax)

Vermont

Department of Banking, Insurance,
Securities & Health Care Administration
89 Main Street
Drawer 20
Montpelier, VT 05620-3101
(802) 828-3420
(802) 828-2896 (Fax)

Virginia

Clerk of the State of Corporation Commission
1300 East Main Street 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, WA 98501
(360) 902-8760
(360) 902-0524 (Fax)

West Virginia

Office of the State Auditor
Securities Division
Building 1 Room W-100
Charleston, WV 25305-0230
(304) 558-2257
(877) 982-9148
(304) 558-4211 (Fax)

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-1064
(608) 264-7979 (Fax)

Wyoming

Secretary of State
Securities Division
State Capitol, Room 109
200 W. 24th Street
Cheyenne, WY 82002-0020
(307) 777-7370
(307) 777-5339 (Fax)

EXHIBIT J

TO DISCLOSURE DOCUMENT

**RELEASE
(SAMPLE)**

Mutual Termination of Franchise Agreement and Release (SAMPLE RELEASE)

This Mutual Termination of PLAYlive Nation, Inc. Franchise Agreement and Release is entered into by and between _____ (the “Franchisee”) and PLAYlive Nation, Inc. (the “Franchisor”) on this ____ day of ____, 20____.

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated ____ (the “Agreement”), governing a Licensed Business located at _____;

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of The PLAYlive Nation Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.
2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.
3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee’s operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.
4. This Mutual Termination of The PLAYlive Nation Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.
5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: _____

Franchisee(s)

PLAYlive Nation, Inc.

Franchisee

By:

Duncan Wood, President

Franchisee

EXHIBIT K

TO DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PLAYlive Nation, Inc., 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.

New York require that we provide you with this Disclosure Document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of the binding agreement; or (3) ten business days before a payment to (franchisor or its agent).

If PLAYlive Nation, Inc., 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 and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency as identified on Exhibit I.

Franchise seller is: PLAYlive Nation, Inc.
Duncan Wood
17235 North 75th Avenue, Suite ~~E-120F-115~~
Glendale, AZ 85308
Tel: (360) 539-8667

Issuance Date: April 15, 2019

I have received a PLAYlive Nation™ disclosure document dated April 15, 2019 that included the following Exhibits:

- A Franchise Agreement with attached Schedules
- B Multi-Unit Development Agreement (“MUDA”)
- C Franchise Compliance Questionnaire
- D State Addenda
- E Financial Statements
- F Operations Manual Table of Contents
- G List of Franchisees
- H Franchises Who Left the System
- I List of State Agencies and Regulators
- J Sample Release
- K Receipts

Date (do not leave blank)

Recipient/Franchise Applicant

Return this signed form to the franchisor

Mail to: PLAYlive Nation, Inc., 17235 North 75th Avenue, Suite ~~E-120F-115~~, Glendale, AZ 85308

Email to: info@playlivenation.com

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PLAYlive Nation, Inc., 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.

New York require that we provide you with this Disclosure Document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of the binding agreement; or (3) ten business days before a payment to (franchisor or its agent).

If PLAYlive Nation, Inc., 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 and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency as identified on Exhibit I.

Franchise seller is: PLAYlive Nation, Inc.
Duncan Wood
17235 North 75th Avenue, Suite ~~E-120F-115~~
Glendale, AZ 85308
Tel: (360) 539-8667

Issuance Date: April 15, 2019

I have received a PLAYlive Nation[™] disclosure document dated April 15, 2019 that included the following Exhibits:

- A Franchise Agreement with attached Schedules
- B Multi-Unit Development Agreement (“MUDA”)
- C Franchise Compliance Questionnaire
- D State Addenda
- E Financial Statements
- F Operations Manual Table of Contents
- G List of Franchisees
- H Franchises Who Left the System
- I List of State Agencies and Regulators
- J Sample Release
- K Receipts

Date (DO NOT LEAVE BLANK)

Recipient/Franchise Applicant

This signed form remains with the franchise applicant