FRANCHISE DISCLOSURE DOCUMENT

WE ROCK THE SPECTRUM, LLC

A California limited liability company

18816 Ventura Boulevard

Tarzana, California 91356

Telephone: (818) 996-6620

www.wrtsfranchise.com

We Rock the Spectrum® KID'S GYM For All Kids

We Rock the Spectrum, LLC, a California limited liability company, offers franchises for the operation of We Rock The Spectrum Kid's Gyms ("WRTS Kid's Gyms") that provide a safe, nurturing and fun environment that includes unique equipment to assist children with neurological growth, sensory-based swings and toys, an indoor and mobile play structure, motor play toys and equipment and arts and crafts and physical fitness programs to foster learning, exploration and safe sensory experiences. We offer 3 franchise programs:

Single Gym Program. Under this program, you will sign a Franchise Agreement to operate one WRTS Kid's Gym. The total investment necessary to begin operation of a WRTS Kid's Gym ranges from $128,176 to $203,576. This includes $59,020 that must be paid to us or our affiliate.

Area Development Program. Under this program, we will assign you a defined area within which you must develop and operate a minimum of 2 WRTS Kid's Gyms within a specified period of time. The total investment necessary to begin operation of the first of 2 WRTS Kid's Gyms under an Area Development Agreement ranges from $149,176 to $227,576. This includes $79,020 that must be paid to us or our affiliate.

We Rock on Wheels Program. Under this program, you will sign a Franchise Agreement to operate one mobile WRTS Kid's Gym. The total investment necessary to begin operation of a mobile WRTS Kid's Gym ranges from $93,376 to $104,626. This includes between $35,520 and $35,770 that must be paid to us or our affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments to the Franchisor or its affiliate in connection with the proposed franchise sale. Note, however, that no governmental 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 Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356, (818) 996-6620.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 13, 2022.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only WRTS Kid's Gyms business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a WRTS Kid's Gyms franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit J.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. Out-of-State Dispute Resolution. The franchise agreement and the area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement and area development agreement even though your spouse may have no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including you house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

WE ROCK THE SPECTRUM, LLC
UNIFORM FRANCHISE DISCLOSURE DOCUMENT
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor.

We Rock The Spectrum, LLC, a California limited liability company ("Franchisor"), was organized on September 18, 2013 and is the franchisor of WRTS Kid's Gyms. Our principal business address is 18816 Ventura Boulevard, Tarzana, California 91356. We do business under our corporate name as well as under the trade name and service mark "We Rock The Spectrum Kid's Gym For All Kids." We do not do business under any other names. To simplify the language in this Disclosure Document, "Franchisor," "we" or "us" means We Rock The Spectrum, LLC, the franchisor of We Rock The Spectrum Kid's Gyms. "You" or "Franchisee" means the business entity, person or persons who sign our agreements. The names and addresses of our agents for service of process appear in Exhibit J to this Disclosure Document.

Our Parents, Predecessors and Affiliates.

We have no predecessors or parent companies. Our affiliate, We Rock The Spectrum Kid's Gym, LLC (the "Operating Company") is a California limited liability company that was organized on September 8, 2010. The Operating Company currently owns and operates one WRTS Kid's Gym at 5520 Crebs Avenue, Tarzana, California 91356, which opened for business on September 1, 2010. Our affiliate, WRTS, LLC ("WRTS") is a California limited liability company that was organized on May 21, 2013. Our former affiliate, My Three J's, LLC ("Three J's") is a Florida limited liability company that was organized on January 3, 2014. Three J's owned and operated a WRTS Kid's Gym located at 19635 State Road 7, Suite 46, Boca Raton, Florida 33498 from April 2014 until November 2021 and sold the WRTS Kid's Gym to a franchisee in November 2021. Our affiliate, My Brother Rocks the Spectrum Foundation is a California non-profit corporation and a 501(c)(3) organization (the "Foundation") that provides financial assistance to ensure that all children, regardless of ability to pay, can attend WRTS camps, classes and social skills programs and support to the special needs community. The principal business address of the Operating Company, WRTS, and the Foundation is 18816 Ventura Boulevard, Tarzana, California 91536.

We have offered franchises for WRTS Kid's Gyms for sale since October 2013. Neither we nor WRTS or the Foundation operate a business of the type being franchised under this Disclosure Document. None of our affiliates have offered franchises for sale in this or any other line of business. From December 2012 through September 2013, the Operating Company and WRTS granted rights to operate WRTS Kid's Gyms ("Licensed WRTS Kid's Gyms") to licensees (the "Licensees") under License Agreements (the "License Agreements"). The Operating Company and WRTS no longer offer License Agreements to operate Licensed WRTS Kid's Gyms. The License Agreements were assigned to us in December 2013 and we assumed and agreed to perform all obligations owed to the Licensees under the License Agreements. Neither we nor our affiliates conduct any other business activities.

WRTS System.

A WRTS Kid's Gym franchise is an independently owned and operated children's gym that offers a safe, nurturing and fun environment for all children to foster learning, exploration and safe sensory experiences. You and other WRTS Kid's Gym franchisees will operate your WRTS Kid's Gym under a trade name that will combine the name of the city in which you will operate your WRTS Kid's Gym with the trade name "We Rock The Spectrum Kid's Gym For All Kids" (for example, "We Rock The Spectrum Kid's Gym For All Kids ~ Tarzana") and other trade names, service marks and trademarks (the "WRTS Marks") that we designate and

under the We Rock The Spectrum Kid's Gym methods and programs (the "WRTS System"). WRTS Kid's Gyms provide unique equipment to assist children with neurological growth, sensory-based swings and toys, an indoor and mobile play structure, motor play toys and equipment, an arts and crafts area, and physical fitness and other proprietary programs (the "WRTS Proprietary Programs").

WRTS Franchise Programs.

We offer 3 separate franchise programs in this Disclosure Document, although we may not necessarily grant you the opportunity to purchase under either of these programs:

Single Gym Program.

Under this program, you will sign our Franchise Agreement (Exhibit A) to operate one WRTS Kid's Gym at a location that you choose and that we accept (the "Franchised Location").

Area Development Program.

Under this program, we will assign you a defined geographic area (the "Development Area") within which you, as an area developer ("Area Developer"), must develop and operate a minimum of 2 WRTS Kid's Gyms within a specified period of time. The Development Area may be one or more cities, one or more zip codes or counties, or other defined geographic areas. You will sign an Area Development Agreement (Exhibit B) that will describe your Development Area, your development schedule and your development obligations. You and we will determine the Development Area and the number of WRTS Kid's Gyms that you will develop and operate on a case-by-case basis before you sign your Area Development Agreement. You must sign a separate Franchise Agreement for each WRTS Kid's Gym that you will open under the Area Development Agreement. The Franchise Agreement for your first WRTS Kid's Gym will be in the form attached as Exhibit A to this Disclosure Document and must be signed when you sign your Area Development Agreement. The Franchise Agreements for your additional WRTS Kid's Gyms will be signed after you select and we accept a Franchised Location for those WRTS Kid's Gyms and will be our then-current form of Franchise Agreement that we are then offering to new franchisees, which may contain terms and conditions that are materially different from the form of Franchise Agreement attached to this Disclosure Document as Exhibit A.

We Rock on Wheels Program.

If, in our direction, we determine that your proposed geographic area (the "Mobile Territory") is suitable for this program, we will, assign you a defined geographic area (the "Mobile Territory") within which you, as a We Rock on Wheels Franchisee, may purchase, open and operate up to 2 mobile WRTS Kid's Gyms ("a Mobile WRTS Kid's Gym") within a specified period of time. A school bus is a bus specifically designed, manufactured and used for carrying students to and from school, home and school events. School buses are distinguished from other bus types by design characteristics mandated by Federal and state regulations. Federal safety standards in the United States require school buses to be painted school bus yellow and to be equipped with specific warning and safety devices. Mobile WRTS Kid's Gyms are blue and must be detailed and equipped according to our requirements and standards.

Your Mobile Territory may be one or more cities, one or more zip codes or counties, or other defined geographic areas. You will sign a Franchise Agreement (Exhibit A) and an Addendum to the Franchise Agreement in substantially the form of Exhibit G to the Franchise Agreement (the "WRTS Mobile Addendum") that will describe your Mobile Territory. You and we will determine the Mobile Territory and

the number of Mobile WRTS Kid's Gyms that you will operate on a case-by-case basis before you sign your Franchise Agreement and your WRTS Mobile Addendum. You must sign a separate Franchise Agreement and WRTS Mobile Addendum for each Mobile WRTS Kid's Gym that you will operate. The Franchise Agreement for your first Mobile WRTS Kid's Gym will be in the form attached as Exhibit A to this Disclosure Document. The WRTS Mobile Addendum for your first Mobile WRTS Kid's Gym will be in substantially the form attached to the Franchise Agreement as Exhibit G. The Franchise Agreements and WRTS Mobile Addenda for your additional Mobile WRTS Kid's Gyms will be signed after you select and we accept a Mobile Territory for the Mobile WRTS Kid's Gyms and will be our then-current form of Franchise Agreement and WRTS Mobile Addendum that we are then offering to new franchisees, which may contain terms and conditions that are materially different from the form of Franchise Agreement attached to this Disclosure Document as Exhibit A and the form of WRTS Mobile Addendum attached to the Franchise Agreement as Exhibit G. All provisions of our Franchise Agreement will apply to a Mobile WRTS Kid's Gym unless otherwise stated in the WRTS Mobile Addendum. All references to a "WRTS Kid's Gym" in this Disclosure Document mean a traditional "brick and mortar" WRTS Kid's Gym and/or a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise.

Competition.

WRTS Kid's Gyms will typically be located in shopping centers, strip malls and similar retail locations with easy access and available parking for customers. The principal market for the services offered by WRTS Kid's Gyms are infants to children age 13 years old and any age for children with special needs, and parents who are seeking play centers, indoor and outdoor activities, strength building, sensory processing, behavior modification, self-care skills and/or social interactions for their children. The market for children's gyms in general is competitive and well developed. WRTS Kid's Gyms will compete with other businesses that provide play centers, indoor and outdoor activities, strength building, and/or social interactions, both as stand-alone businesses and/or as part of schools, adult fitness centers and non-profit centers.

Special Industry Regulations.

Federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your WRTS Kid's Gym, including those that set standards pertaining to employee health and safety, fire safety and general emergency preparedness. In addition, you must comply with all local, state, and Federal laws that apply to your WRTS Kid's Gym including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment and sexual harassment laws. The Americans with Disability Act of 1990 ("ADA") requires readily accessible accommodation for disabled people. The ADA requires any accommodation necessary to provide access to goods, service, facilities, privileges, advantages or accommodations to the public and may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses.

School busses are regulated by Federal and state law. Most states have transportation agencies that oversee and administer state laws. State laws can vary significantly from one state to the next. There may also be restrictions on licensing for your drivers and your Mobile WRTS Kid's Gyms. To drive a school bus in most states, you must have a commercial driver's license with endorsements for driving a school bus. The specific requirements for these licenses and endorsements vary among states. You should consult with your local driver's license office about the requirements in your state.

If your state, city or county have laws that specifically apply to health clubs and fitness centers, and if your WRTS Kid's Gym is covered by these laws, you may be subject to some of the following types of requirements or prohibitions: (i) required annual registration of the WRTS Kid's Gym; (ii) required posting of a performance bond; (iii) required escrow of any fees collected before opening; (iv) required disclosure of all available membership levels, prices, sales, discounts, etc., (v) required membership contracts; (vi) limitations on length of membership term; (vii) limitations on frequency of dues increases; (viii) limitations on financing any initiation fee; (ix) required cancellation rights by members without penalty in certain situations; (x) restrictions on marketing and promotional claims; (xi) required annual licensing; (xii) specific requirement for restrooms and lockers; and (xiii) requirements for trained personnel (including CPR training).

If your state has laws that specifically apply to child care centers, and if your WRTS Kid's Gym falls within the scope of these laws, you may be subject to some of the following types of requirements or prohibitions: (i) required annual registration of the WRTS Kid's Gym; (ii) required posting of a performance bond; (iii) required safety training; (iv) required teacher-to-child ratios; (v) limitations on hours of operation; (vi) instructor licensing and/or accreditation; and (vii) required background checks on instructors.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data.

State and local laws vary from area to area. You should consult with an attorney or business advisor about the laws, regulations and ordinances that may affect the operation of your WRTS Kid's Gym.

ITEM 2
BUSINESS EXPERIENCE

Dina Kimmel, Founder and Chief Executive Officer

Dina Kimmel is our Founder and has served as our Chief Executive Officer since September 2013. Ms. Kimmel is also the Founder of the Operating Company and has owned and operated the WRTS Kid's Gym in Tarzana, California since September 2010.

John Canaday, Franchise Development Director

Mr. Canaday has served as our Franchise Development Director since September 2015. Mr. Canaday has served as Co-Founder and President of Americas Franchising Group, LLC in Miami, Florida since October 2013.

Carin Koeppel, Franchise Development Director

Ms. Koeppel has served as our Franchise Development Director since June 2015. Ms. Koeppel has served as an executive for Melaleuca in Calabasas, California since April 2014. Ms. Koeppel has served as Sales Representative for IDme Promotions in Tarzana, California since September 2004.

Gail Field, Chief Operating Officer

Ms. Field has served as our Chief Operating Officer since February 2017. Ms. Field served as our Training Supervisor at our previous training facility in Boca Raton, Florida from October 2014 to November 2021.

Dana Agassi, Director of Marketing, My Brother Rocks the Spectrum

Ms. Agassi has served as the Director of Marketing for My Brother Rocks the Spectrum Foundation since June 2014.

Shane Stahl, Chief Strategy Officer

Mr. Stahl has served as our Chief Strategy Officer since July 2019. Mr. Stahl served as our Corporate Tech Specialist from July 2017 to July 2019. From March 2014 to June 2017, Mr. Stahl served as a student worker in the Vice Chancellor's Office of Student Affairs at University of California, Irvine in Irvine, California.

Grace Covino, Project Management

Ms. Covino has served as our Project Management since January 2017. Ms. Covino has served as the Manager of the We Rock The Spectrum Kid's Gyms in Tarzana, California and Woodland Hills, California since May 2014.

Melisa Stahl, Audit and Compliance Director

Ms. Stahl has served as our Audit and Compliance Director since February 2018. Ms. Stahl has served as a Docent for Stahl House, Inc. in Los Angeles, California since July 2009.

Henry Aghassi, Chief Business Officer

Mr. Aghassi has served as our Chief Business Officer since April 2020. Mr. Aghassi served as Vice President of Operations for Superior Paper in Los Angeles, California from March 1999 to March 2020.

Janelle Giacalone, Assistant Community Manager

Ms. Giacalone has served as our Assistant Community Manager since January 2022. Ms. Giacalone served as the Assistant Manager at our WRTS Kid's Gym in Boca Raton, Florida from April 2014 until November 2021.

Tyrin Johnson, Community Manager

Mr. Johnson has served as our Community Manager since March 2022. Mr. Johnson served as a Graphic Designer and Program Coordinator at Big Sunday in Los Angeles, California from September 2018 to March 2022. Mr. Johnson served as a Design Intern at Brand Knew Creative Agency in Los Angeles, California from December 2016 to July 2017. Mr. Johnson served as a Design Studio Intern at Redhead Design Studio in Lansing, Michigan from January 2017 to April 2017.

Madison Roche, Office Administrator

Ms. Roche has served as our Office Administrator since January 2022. Ms. Roche has served as a Kid's Gym Coach at our WRTS Kid's Gym in Tarzana, California since October 2021. Ms. Roche served as a Cashier at Bristol Farms in Woodland Hills, California from June 2021 to December 2021. Ms. Roche served as a Cashier at Follow Your Heart in Canoga Park, California from January 2021 to May 2021. Ms. Roche served as a Camp Counselor at Sierra Canyon in Chatsworth, California from June 2020 to August 2020. Ms. Roche served as a

student at Loyola Marymount University in Los Angeles, California from August 2019 to December 2021. Ms. Roche served as a student at Calabasas High School from August 2015 to June 2019.

Kirby Wooton, Audit and Compliance Manager

Mr. Wooton has served as our Audit and Compliance Manager since September 2021. Mr. Wooton served as the Minister to Children and Students at Oak Grove Baptist Church in Bel Air, Maryland from June 2007 to August 2021.

ITEM 3
LITIGATION

We Rock the Spectrum, LLC v. 5 hearts, LLC, Kindhearts, LLC, Amy Woszczynski and Abraham Woszczynski, United States District Court, District of Colorado, Case No. 17-cv-03055-RBJ-NYW, filed December 18, 2017. The defendant franchisee and guarantors executed a franchise agreement on May 18, 2016 to operate a WRTS Kid's Gym in Arvada, Colorado. On November 26, 2017, the franchisee sent us a notice of rescission of the franchise agreement and opened a competing business at the same location. We filed a complaint for breach of the franchise agreement, the covenant not to compete and the guarantee, seeking injunctive relief to prevent operation of a competing business, damages, disgorgement of profits, interest, costs and attorney fees. On January 31, 2018, the parties entered into a settlement agreement that dismissed the action, terminated the franchise agreement, required the former franchisee to de-identify the franchised Gym, cease use of our name and notify others of disaffiliation, required us to refund the territory development fee to the guarantors, and required us to refund deposits from the former franchisee's customers who booked events at the Gym.

Aleksandr Zeltser and Yelena Zeltser v. We Rock The Spectrum, LLC, Los Angeles Superior Court, Case No. BC716981, filed August 7, 2018. The Operating Company acquired the assets of the franchised Gym from its franchisee on August 24, 2016 and operated the Gym until the assets of the Gym were sold to the Zeltsers on December 19, 2016. Differences subsequently arose between the Operating Company, us and the franchisees regarding the purchase transaction and operations at the Gym. On December 1, 2017, the parties terminated the franchise agreement and resolved their respective claims under a settlement agreement and release that provided for the purchase of the assets of the Gym by the Operating Company for $110,000 payable over time. This action alleged claims against us for breach of contract and breach of the implied covenant of good faith and fair dealing under the terms of the settlement agreement, which was denied. The court reclassified the action as a limited jurisdiction action since the amount in controversy is less than $25,000. The claims were paid in full prior to the Zeltsers' filing of a Motion for Summary Judgment, which was granted on November 19, 2019. Judgment was entered in the action and Notice of Entry of Judgment was issued on December 30, 2020, to declare Zeltsers the prevailing party, for the purpose of recovery of attorney fees and costs which the Operating Company disputed. Plaintiff's motion for attorney fees and prejudgment interest was heard on April 26, 2021, at which time an attorney fees award was denied, with only costs and prejudgment interest awarded to the Plaintiff, totaling approximately $5,350.87 as of September 9, 2021. There has been no collection efforts by the Plaintiff to date.

Sandler v. WRTS, et al., Los Angeles Superior Court Case No. 19STCV14911, filed April 30, 2019. This is a personal injury matter filed by patrons of our Agoura Hills franchisees, MY 2 B'S, LLC, a California limited liability company, doing business as We Rock The Spectrum Agoura Hills, who allegedly sustained personal injuries at their Agoura Hills Kid's Gym. The plaintiff named us and our affiliates as defendants in this action. We tendered defense of the action to our Agoura Hills franchisees and filed a cross-complaint against them on

January 17, 2020 for indemnity pursuant to pertinent provisions Franchise Agreement. The parties participated in a mediation on February 22, 2022, and a global settlement was reached. Pursuant to the settlement, neither we nor our affiliates had to pay any money or other consideration to resolve this matter. The matter is pending dismissal with prejudice by the Court at this time.

RLP Development Co., Inc. v. Jennifer Range, et al., Madison County, Illinois Court Case Number 21-L-625. This is a landlord/tenant matter against franchisees in Chicago, Illinois. We were sued by our former franchisees Jennifer and Michael Range for tortious interference with a contract, civil conspiracy, and contribution. Settlement has been reached. Pursuant to the settlement, neither we nor our affiliates had to pay any money or other consideration to resolve this matter. The matter is pending dismissal with prejudice at this time.

Other than these 4 matters, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Single Gym Program.

You must pay us an initial franchise fee (the "Initial Franchise Fee") of $57,500 when you sign your Franchise Agreement (Exhibit A). The Initial Franchise Fee includes payment for our "Required Equipment Package" for your WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators), rope bridge, carpet swing and climbing mountain.

In order to be eligible to become a WRTS Kid's Gym franchisee, you must provide us with a background check which will include a criminal/civil record search and a credit check. We will not sign your Franchise Agreement until we receive a search and credit check that we deem acceptable in our discretion. If we determine that you do not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the WRTS System or the Franchise Agreement after you are approved as a WRTS Kid's Gym franchisee and complete our Initial Training Program, we have the option to either provide you with additional training, or terminate your Franchise Agreement and return $30,000 of your Initial Franchise Fee to you in exchange for a general release of all possible claims against us. We will retain $25,000 of the Initial Franchise Fee in consideration for the administrative and other expenses we incur in determining whether you are suitable to operate a WRTS Kid's Gym and for our lost or deferred opportunities to grant a franchise to another party.

Area Development Program.

You must pay us a development fee (the "Development Fee") of $10,000 for each WRTS Kid's Gym you will develop under an Area Development Agreement. You must sign the Franchise Agreement for your first WRTS Kid's Gym and pay us a $57,500 Initial Franchise Fee when you sign your Area Development Agreement. When you sign a Franchise Agreement for each subsequent WRTS Kid's Gym you will develop, you must pay

us a $57,500 Initial Franchise Fee for each subsequent WRTS Kid's Gym. You must sign our then-current Franchise Agreement and pay the Initial Franchise Fee for each WRTS Kid's Gym after you select and we approve the Franchised Location for each WRTS Kid's Gym.

Mobile WRTS Kid's Gym Program.

You must pay us an Initial Franchise Fee of $35,000 for each Mobile WRTS Kid's Gym when you sign your Franchise Agreement and your WRTS Mobile Addendum to your Franchise Agreement. Your Initial Franchise Fee includes payment for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. Your Initial Franchise Fee also includes payment for the required bus graphics, WRTS trade dress and signs.

Apparel and Promotional Items.

You must pay us a non-refundable fee of $1,500 for certain apparel and promotional items for your WRTS Kid's Gym within 30 days after signing your Franchised Agreement. If you purchase a Mobile WRTS Kid's Gym, the apparel and promotional items will range from $500 to $750. After your WRTS Kid's Gym opens for business, you may purchase apparel from a recommended and approved supplier with our prior written approval of the supplier, your use of our logos and the types and colors of apparel.

ScreenCloud.

We do not currently require you to pay us a monthly fee of $20 for the ScreenCloud feed, but may do so in the future. The estimate in Item 7 covers the 1st month of operations.

Different Fees.

Except as otherwise described above, the Initial Franchise Fee and Development Fee are fully earned by us when paid and are not refundable under any circumstances. We use the proceeds from Initial Franchise Fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (i) costs related to developing and improving our services; (ii) expenses of preparing and registering this Disclosure Document; (iii) legal fees; (iv) accounting fees; (v) costs of obtaining and screening franchisees; and (vi) general administrative expenses. The Initial Franchise Fee and Development Fee are uniform to all parties applying to purchase a WRTS Kid's Gym. We may, however, reduce, defer or waive the Initial Franchise Fee or Development Fee if and when we determine it is warranted by a unique or compelling situation.

ITEM 6
OTHER FEES [1]

Name Of Fee	Amount	Due Date	Remarks
Royalty Fees	(i) 5% if your monthly Gross Revenue in a calendar month is less than $10,000; (ii) 4.5% if your monthly Gross Revenue in a calendar month is $10,001-$15,000; and (iii) 4% if your monthly Gross Revenue in a calendar month exceeds $15,001.	On the 10th day of each calendar month on the Gross Revenue of your WRTS Kid's Gym during the immediately preceding calendar month. You must pay us Royalty Fees beginning in the 4th month following the opening of your WRTS Kid's Gym.	"Gross Revenue" means all revenue derived from your operation of your WRTS Kid's Gym and all other income related to the WRTS Kid's Gym including business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. "Gross Revenue" will not include the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.
Post-Opening Additional Training Fee	$250 per day for each of our representatives who provide Additional Training Programs, plus our out-of-pocket expenses, including all transportation costs, food, lodging and similar costs.	On demand.	We may require you, your general manager and or other supervisorial or managerial personnel to attend Additional Training Programs, at our discretion.
Inspection Fee	$500 per re-inspection.	On demand.	Payable if we must revisit your WRTS Kid's Gym for an inspection after you have already been notified of any deficiency or unsatisfactory condition.
Insurance	Amount of unpaid premiums and our out of pocket costs.	On demand.	Payable if you fail to maintain required insurance coverage and if we elect to obtain coverage for you.
Renewal Fee	$5,000	When you exercise an option to renew the term of your Franchise Agreement for your WRTS Kid's Gym.	Payable when you renew your Franchise Agreement for your WRTS Kid's Gym after the expiration of the initial 10 year term of your Franchise Agreement and/or after the expiration of the initial 5 year term of your WRTS Mobile Addendum to your Franchise Agreement.
Transfer Fee	$7,500	Before the transfer becomes effective.	Payable when you transfer your Franchise Agreement or Area Development Agreement, as applicable.

Name Of Fee	Amount	Due Date	Remarks
Transfer Broker Fee	Currently, $10,000	Before the transfer becomes effective.	Payable if you use one of our representatives to assist you in transferring your Franchise Agreement or Area Development Agreement to a third-party purchaser, as applicable.
Annual Conference Fee	$500	Upon demand at least 30 days before the date of the Annual Franchise Conference.	You must pay us a Franchise Conference Fee to reimburse us for a portion of our direct costs to provide the Annual Franchise Conference, whether or not you attend the conference.
Late Charge	15% per year or the highest amount allowed by law, which is currently 10% in California, calculated weekly.	Continues to accrue until paid.	Payable if any check, draft, electronic or other payment is unpaid because of insufficient funds or if any sums due to us are not paid promptly when due. You must also pay any bank fees we incur in the amount of at least $50.
Early Termination Damages	$5,000 to $10,000	Within 30 days following the date of termination.	Payable only if you attempt to terminate your Franchise Agreement prior to the expiration date. Payable as follows: (i) $5,000 if you attempt to terminate your Franchise Agreement any time after the fourth anniversary of the effective date or (ii) $10,000 if you attempt to terminate your Franchise Agreement on or after the effective date through the fourth anniversary of the effective date.
Audit Fees	Cost of audit plus interest at the highest rate allowed by law, which is currently 10% in California, (not to exceed 18%) from the date of underpayment.	Upon demand.	Payable only if an audit reveals an understatement of 3% or more of Gross Revenue.
Gross-Up Fees	Varies with circumstances	Upon demand.	If we are taxed on your use of our intellectual property or other intangibles or on the existence of your Franchise Agreement, you must pay us the amount of all taxes we must pay to ensure that we receive our full royalty fees.

Name Of Fee	Amount	Due Date	Remarks
New Supplier Testing Fees	Up to $1,000 per supplier	As incurred with the deposit payable before inspection.	If you propose to purchase any products from a supplier that we have not previously approved, we have the right to inspect the supplier's facilities and products and you must reimburse us for costs to do so.
Relocation Fee	$2,500	When we approve your request to relocate your WRTS Kid's Gym.	You must obtain our consent prior to the relocation of your WRTS Kid's Gym.
Relocation Assessment	An amount equal to the Royalty Fees you paid for your original WRTS Kid's Gym during the last preceding calendar year plus an additional 10%.	On demand.	If we consent to a relocation of your WRTS Kid's Gym, you must secure the new Franchised Location and open your replacement WRTS Kid's Gym at the new Franchised Location within 12 months from the date we approve the new Franchised Location. If you fail to do so, we can bill you for the Relocation Assessment as described in this chart.
Post-Termination Gross Revenue	5% of the revenue you derive from the gross revenue of a competitive business.	On the 10th day of each month on the gross revenue of the competitive business during the preceding month.	Payable only if you violate an enforceable covenant not to compete after the expiration, transfer or termination of your Franchise Agreement.
Reimbursement of money we pay on your behalf	Varies with circumstances	On the 10th day of each month.	Covers any payments you fail to make that we make on your behalf.
Attorneys' Fees, Expenses and Costs	Will vary under circumstances	Upon demand.	If we incur legal expenses to enforce any provision of your Franchise Agreement, we can recover our attorney's fees, expenses and court costs.
Indemnification Expenses	Will vary under circumstances	Upon demand.	You must indemnify, defend and hold us and our affiliates free and harmless from all claims of third parties arising out of your Franchise Agreement and your WRTS Kid's Gym.
Interim Management Fee	To be determined, not to exceed $250 per day plus the out of pocket costs we incur, if any.	Upon demand.	If you are in default under your Franchise Agreement, and we elect to assume interim management of your WRTS Kid's Gym during the pendency of any cure period or in lieu of immediately terminating your

Name Of Fee	Amount	Due Date	Remarks
			Franchise Agreement, we may charge you a fee for our management services.
Encroachment Fee	$1,000	Upon demand.	If you, at any time, operate your Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, you must pay us an encroachment fee.
ScreenCloud	$20 per month.	Upon Demand.	We do not currently require you to pay us a monthly fee of $20 for the ScreenCloud feed, but may do so in the future. ScreenCloud provides you with access to social media feeds.
Atak Interactive	$65 per month, this amount may vary based on the frequency of your use of Atak Interactive's services.	Monthly.	You must pay all costs related to website hosting and maintenance to Atak Interactive. Atak Interactive currently charges $65 per hour and uses 15 minute billing increments.
Constant Contact	$35 per month.	Monthly.	You must subscribe to Constant Contact to permit you to participate in all marketing and promotional campaigns we conduct
INC Technologies	$14 per month, for each email address you use.	Monthly.	You must pay a monthly fee to INC Technologies to establish and maintain a MailFlow account for each email address that you use.
Mindbody	$158 per month.	Monthly.	You must pay a monthly fee to Mindbody to use Mindbody's business management services, which consists of $60 per month for the mobile application and $98 per month for credit card processing.
Private Offering Fee (Franchise Agreement and Area Development Agreement)	$10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses with reviewing the proposed offering.	Before offering.	Payable for each proposed private offering of securities, partnership or other ownership interests in Franchisee and is in addition to any Transfer Fee under any Franchise Agreement.

NOTES:

1. Unless otherwise noted, all fees are uniformly imposed by and are payable to us by credit card, electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. You authorize us to debit from your designated primary business checking or savings operating account all funds due and payable to us for Royalty Fees and other sums that you owe to us or our affiliates. None of these fees are imposed by a cooperative.

2. Interest begins from the date of the underpayment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE WRTS KID'S GYM

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 1)	$57,500	$57,500	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Franchise Agreement	Us
Grand Opening Marketing	$1,000	$2,000	As arranged	Before your Opening Date	Various Vendors
Rent and Security Deposit (3 months) (Note 2)	$12,800	$45,000	As arranged	As required by your Landlord	Landlord
Construction Costs and Build Out (Note 3)	$25,000	$48,000	As arranged	Before your Opening Date	Various Vendors
Architect (Note 3)	$0	$4,000	As arranged	Before your Opening Date	Various Vendors
Furniture and Supplies (Note 4)	$2,500	$2,500	As arranged	Before your Opening Date	Various Vendors
Insurance (Note 5)	$3,000	$5,500	As arranged	Before your Opening Date	Insurance Agent
Business Licenses	$100	$1,000	Cash	Before your Opening Date	City, County, State
Professional Services (Legal and/or Accounting) (Note 6)	$1,000	$4,000	As arranged	Before your Opening Date	Various Vendors
Computer System (Hardware and Software)	$500	$1,000	As arranged	Before your Opening Date	Vendors
Phone and Utilities (Note 7)	$200	$500	As arranged	Before your Opening Date	Phone, Utility Companies

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Apparel and Promotional Items	$1,500	$1,500	As arranged	Before your Opening Date	Us
Signage	$4,200	$4,200	As arranged	Before your Opening Date	WRTS Approved Suppliers; other Vendors
Monthly fee for the ScreenCloud feed, Mindbody services, Atak Interactive, Constant Contact and INC Technologies for the first 3 months of operation	$876	$876	As arranged	As incurred	Approved Suppliers and us
Video Surveillance and Related Equipment	$500	$1,000	As arranged	Before your Opening Date	Vendors
Other Operating Funds (3 months) (Note 8)	$15,000	$20,000	As arranged	As incurred	WRTS Approved Suppliers, various vendors and employees
Initial Training Program Travel and Living Expenses (Note 11)	$1,500	$3,000	As arranged	As incurred	Various Vendors
Grand Opening Expenses, Including Travel and Living Expenses (Note 11)	$1,000	$2,000	As arranged	As incurred	Various Vendors
TOTAL (Note 12)	$128,176	$203,576			

AREA DEVELOPMENT AGREEMENT
(FOR 2 WRTS KID'S GYMS)

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
INITIAL INVESTMENT TO OPEN 1st WRTS KID'S GYM					
Initial Investment 1st WRTS Kid's Gym (Note 10)	$128,176	$203,576	See Above	See Above	See Above

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Development Fees (Note 1)	$20,000	$20,000	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Area Development Agreement	Us
Additional Legal Fees (Note 6)	$1,000	$4,000	Cash	As Incurred	Various
TOTAL (Note 12)	$149,176	$227,576			

YOUR ESTIMATED INITIAL INVESTMENT
MOBILE WRTS KID'S GYM

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 1)	$35,000	$35,000	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Franchise Agreement	Us
Grand Opening Marketing	$1,000	$2,000	As arranged	Before your Opening Date	Various Vendors
Insurance (Note 5)	$1,500	$2,000	As arranged	Before your Opening Date	Insurance Agent
Business and Bus Operating Licenses	$200	$500	Cash	Before your Opening Date	City, County, State
Professional Services (Legal and/or Accounting) (Note 6)	$500	$1,000	As arranged	Before your Opening Date	Various Vendors
Computer System (Hardware and Software)	$300	$500	As arranged	Before your Opening Date	Vendors
Apparel and Promotional Items	$500	$750	As arranged	Before your Opening Date	Us
6-72 Diesel Passenger Bus, Detailing, Equipment, and optional security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater (Note 9)	$50,000	$55,000	As arranged	Before your Opening Date	Third Party Supplier
Monthly fee for the ScreenCloud feed, Mindbody services, Atak	$876	$876	As arranged	As incurred	Approved Suppliers and us

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Interactive, Constant Contact and INC Technologies for the first 3 months of operation					
Other Operating Funds (3 months) (Note 8)	$1,000	$2,000	As arranged	As incurred	WRTS Approved Suppliers, various vendors and employees
Initial Training Program Travel and Living Expenses (Note 11)	$1,500	$3,000	As arranged	As incurred	Various Vendors
Grand Opening Expenses and On-Site Training, Including Travel and Living Expenses (Note 11)	$1,000	$2,000	As arranged	As incurred	Various Vendors
TOTAL (Note 12)	$93,376	$104,626			

All fees are uniformly imposed by and payable to us by credit card, or electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. You authorize us to debit from your designated primary business checking or savings operating account all funds due and payable to us for royalty fees and other sums that you owe to us or our affiliates. We currently do not offer financing for any purpose, but reserve the right to do so in the future. We do not guarantee your note, lease or other obligations.

NOTES

1. The Initial Franchise Fee and the Development Fee are described in Item 5 of this Disclosure Document. The Initial Franchise Fee and the Development Fee are not refundable except as otherwise described in Item 5. Under our Single Gym Program, the Initial Franchise Fee includes payment for our "Required Equipment Package" for your WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators), rope bridge, carpet swing and climbing mountain. Under our We Rock on Wheels Program, the Initial Franchise Fee includes payment for the required bus graphics, WRTS trade dress and signs and for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline.

2. This estimate assumes that your Franchised Location will be a leased, unimproved, unfinished retail store-type site and is based on the assumption that the Franchised Location will be rented and that the landlord will require 1 to 2 months' rent as a security deposit. In highly desired business and commercial districts or when franchisees elect to lease spaces larger than our standard recommended space, rent might be higher. The size of WRTS Kid's Gyms generally 2,800 to 7,000 square feet. Monthly lease payments for WRTS Kid's Gyms of this size usually range from $3,200 to $9,000 per month. Larger WRTS Kid's Gyms will provide you with room to service more children for open play, camps, break time and classes, permit birthday parties and classes to run simultaneously and can provide space for a sensory quiet room which will allow children to calm down faster. The low estimate assumes a monthly lease payment of $3,200 for each of your first 3 months of operation

and a lease security deposit equal to 1 months' rent. The high estimate assumes a monthly lease payment of $9,000 for each of your first 3 months of operation and a lease security deposit equal to 2 months' rent.

3. The estimate includes approximately $3,800 to $8,000 for purchase and installation of a steel safety swing apparatus, which varies based on gym size. The remainder of the estimate includes carpet, paint and tenant improvements and contractor professional fees. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans.

4. The estimate includes furniture and supplies for the arts and crafts area, tables, chairs, mats, and one 1080-HD Video Monitor which must continuously display social media feeds from ScreenCloud or other social media feed providers that we designate for your WRTS Kid's Gym.

5. The figure given is the current annual rate if you obtain all insurance required in the Manuals. You must also obtain property and casualty insurance, which varies by size and location of the WRTS Kid's Gym. We estimate that the annual cost of all required insurance coverage will range from $3,000 to $5,500 for your WRTS Kid's Gym and $1,500 to $2,000 for your Mobile WRTS Kid's Gym. You may also have an obligation under state law to obtain workers compensation or other forms of insurance. This estimate does not include an amount for workers compensation insurance since those rates can vary widely depending on your state and number of employees.

6. This estimate includes legal review and negotiation of the proposed lease for your WRTS Kid's Gym and accounting assistance in setting up your books. Additional Legal Fees in the Area Development chart above reflects additional legal costs you may incur as a result of signing an Area Development Agreement.

7. You must have a separate business phone line and answering machine or voicemail used exclusively for your WRTS Kid's Gym, and a broadband Internet connection. You will purchase a minimum order of $1,500 of WRTS Kid's Gym apparel, sweatshirts and bags from WRTS before you open your WRTS Kid's Gym. If you purchase a Mobile WRTS Kid's Gym, your minimum order for WRTS Kid's Gym apparel, sweatshirts and bags will range from $500 to $750.

8. You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under your Franchise Agreement and to cover the risks and contingencies of your WRTS Kid's Gym for at least 3 months. The estimates provided above include estimated employee wages, including opening cash, and other miscellaneous expenses incurred before you begin operating your WRTS Kid's Gym and during the first 3 months of operations. These amounts are the minimum recommended levels to cover operating expenses, including employee's salaries and wages for 3 months. However, we cannot guarantee that those amounts will be sufficient. Additional working capital may be required if Gross Revenue is low or fixed costs are high. We are required to include this estimate of all costs and expenses to operate your WRTS Kid's Gym during the "initial phase" of your business, which is defined as a 3 month period or longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for the industry, so our disclosure covers a 3 month period. We have relied upon the experience of the Operating Company in developing these estimates, and the experience of our WRTS franchisees if and to the extent that they shared this information with us. You should review these estimates carefully with a business advisor before making any decision to purchase a WRTS Kid's Gym franchise.

9. You must purchase one standard model 66-72 diesel passenger bus, according our standards and specifications, to house your Mobile WRTS Kid's Gym. Your standard model Bus must be equipped with one air conditioning unit and one heater and the following 15 pieces of equipment, which are included as a part of

your Initial Franchise Fee: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. You must add the detailing and equipment to your standard model bus to comply with our requirements at your expense. The cost for the 6-72 diesel passenger bus, detailing and equipment for one bus ranges from $45,000 to $55,000. You will also have the option to equip your standard model bus with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at your expense. The cost for a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater for one standard model bus is $7,850. You may use a third party supplier of your choice to purchase the bus, detailing and equipment, however, the third party supplier must be approved by us in writing. The décor and layout of your Mobile WRTS Kid's Gym, the graphics, detailing and equipment, trade dress and signs must comply with our requirements. These estimates include the cost of shipping, which will vary depending on factors such as fuel costs, freight, and delivery destination. These estimates do not include the cost of mechanical inspections and/or updates to meet Federal, state and/or local safety and emission standards.

10. The Initial Investment for your first WRTS Kid's Gym is taken from the first chart above, which is the total estimated cost to open one WRTS Kid's Gym.

11. You must make arrangements for and pay any and all expenses incurred for the persons you select to attend our Initial Training Program (as defined in Item 11), including transportation, lodging, meals and wages. We provide our Initial Training Program without charge for up to 2 persons, but you must pay a fee of $250 per week for each additional attendee you send to our Initial Training Program. The amount you will spend will depend, in part, on the distance you must travel and the type of accommodations you choose. In addition, you must pay the expenses for one of our trainers, who will also provide on-site training assistance, to attend your Grand Opening, including transportation, lodging and meals. We will send one additional person to your Grand Opening at our expense. The amount you must spend will depend, in part, on the distance our person must travel and the type of accommodations we choose. These estimates include the costs for 2 people to attend the Initial Training Program for 7 to 10 days and one person to attend your Grand Opening for 1-3 days, as necessary.

12. These are estimates only. All of these amounts are non-refundable unless otherwise noted. It is extremely difficult to predict future changes in these costs because they are under the control of third parties. We do not expect these costs to rise faster than general inflation, but we cannot guarantee this.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICE

Except as described below, you have no obligation to purchase or lease from us, from suppliers approved by us or in accordance with specifications we issue:

WRTS Approved Suppliers. You may only use suppliers that we have accepted and approved ("WRTS Approved Suppliers") because they have demonstrated to us their ability to supply products and services for WRTS Kid's Gyms meeting our specifications as to brand names, models, contents, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. We will provide you with our Manuals and various supplemental bulletins and notices that will contain the specifications, standards and restrictions for your purchase of products and services. We will also provide you with a list of WRTS Approved Suppliers that we may update from time to time. You must operate your WRTS Kid's Gym in strict compliance with the standard procedures, policies,

rules and regulations contained in the Manuals. All "WRTS Branded Products" we designate for use and sale at your WRTS Kid's Gym must be purchased from WRTS Approved Suppliers. "WRTS Branded Products" are products that bear any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with our methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

We and WRTS may sell certain supplies, merchandise and other materials to you and our other WRTS franchisees ("WRTS Merchandise and Supplies"), such as WRTS Kid's Gym apparel, sweatshirts and bags. WRTS is the sole Approved Supplier for most WRTS Merchandise and Supplies. There are no other approved suppliers in which any of our officers own an interest. Approximately 50% of your start-up expenses and 85% of your ongoing expenses will be for purchases from WRTS Approved Suppliers or purchases according to our specifications. We may specify gluten and wheat free food products, puzzles and games, sensory-based toys, gluten free play dough and puzzle piece jewelry and certain computer hardware, software, modems and peripheral equipment or other merchandise, supplies, services and equipment for your WRTS Kid's Gym. You will buy these items from our designated suppliers.

Equipment and Fixtures.

You must purchase and install, at your expense, all fixtures, furnishings, equipment, décor and signs as we direct. You must purchase these items from WRTS Approved Suppliers. You may not install any merchandise, furnishings, interior or exterior décor items, supplies, fixtures or equipment in your WRTS Kid's Gym unless they have been approved by us in writing.

Computer Equipment.

You must purchase, lease or license all computer hardware and software we designate for your WRTS Kid's Gym at your expense. You must maintain and update all computer hardware and software as we require.

School Bus.

You must purchase a 66-72 diesel passenger school bus to house a Mobile WRTS Kid's Gym from a third party supplier of your choice, however, the third party supplier must be approved by us in writing. Your bus must be detailed and equipped according to our requirements and standards.

Approval of Suppliers.

We and WRTS may sell certain supplies, merchandise and other materials to you and our other franchisees. WRTS is the sole approved supplier for all WRTS Kid's Gym apparel, sweatshirts and bags. There are no other approved suppliers in which any of our officers own an interest.

If you desire to purchase merchandise or services from a supplier other than us or a WRTS Approved Supplier, you must submit a request to us in writing and obtain our prior written approval. You must identify the proposed supplier, its name and address, and the items you desire to purchase from that supplier. You must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require or request the supplier itself to do so. Our specifications and standards for supplier approval are generally available upon written request. If product specifications for the item are not set forth in the Manuals, we will furnish the general specifications to you at your request. We may condition our approval on the supplier agreeing in writing not to disclose any

confidential information regarding us or our operations, to comply faithfully with our specifications for the items it sells, to sell any materials bearing the WRTS Marks only to our franchisees, and on the supplier demonstrating to our reasonable satisfaction that it is able to supply commodities meeting our specifications on a continuing basis, and that the supplier is, and will continue to be, of good standing in the business community with regard to its financial soundness and the reliability of its product and service. We also have the right to require, as a condition of approval, that our representatives are permitted to inspect the supplier's facilities and that you deliver to us all information, specifications and samples that we reasonably designate for testing. You must pay us a fee not to exceed the actual cost of the inspection testing. In addition to product testing, a facility audit may be required, and you must pay us, in advance, a deposit of up to $1,000, before we begin any inspection. You will be responsible for any additional costs and expenses associated with the inspection of the facility. We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information. You may not use a supplier unless we notify you of our approval in writing. We may revoke a supplier's approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you.

When you purchase items from us or WRTS, you must use the form of purchase order we provide. We may change our prices, delivery terms and other terms upon prior written notice, but our prices to you will be the same as the prices charged to similarly situated franchisees. We have negotiated purchase arrangements with primary suppliers for the benefit of WRTS franchisees and may continue to do so in the future. If we negotiate a purchase agreement for your WRTS Kid's Gym, you must participate in the purchasing program.

You will not receive any material benefits from us or any supplier other than as described above. We may derive benefits from purchases made by WRTS franchisees from WRTS Approved Suppliers in the form of volume discounts or rebates paid to us or WRTS and from our or WRTS' sale of merchandise or services to you, which are sold to you at our cost plus a reasonable markup. We do not provide or withhold material benefits to you based on whether or not you purchase through the sources we designate or approve (except that your purchase of items from unapproved suppliers constitutes a breach of your Franchise Agreement). Except for the potential volume discounts and rebates from WRTS Approved Suppliers, we do not expect to receive benefits from WRTS Approved Suppliers; however, we reserve the right to do so in the future. For the fiscal year ended December 31, 2021, we did not receive any commissions or rebates from WRTS Approved Suppliers for purchases made by WRTS franchisees. For the fiscal year ended December 31, 2021, we did not derive any revenues from franchisees' purchases of products or services. For the fiscal year ended December 31, 2021, our affiliate, WRTS, derived revenues of $35,326 from purchases or leases of required products or services by WRTS franchisees, which is 26.7% of WRTS' total revenue of $132,512, based on its unaudited financial statements for fiscal year 2021.

Insurance.

You must obtain and maintain during the term of your Franchise Agreement insurance policies protecting you us, WRTS, and the Operating Company. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which your WRTS Kid's Gym is located, with a rating of "A Class VIII" or better as set forth in the most recent edition of A.M. Best's Key Rating Guide. These policies must include the coverage required by us, WRTS and the Operating Company, which generally include: (i) "Special Form" property insurance to cover your business personal property and business interruption insurance, customarily obtained by similar businesses in the principal trade area; (ii) comprehensive commercial general liability (CGL) insurance in an amount of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, products and completed operation aggregate of $2,000,000, personal & advertising injury of

$1,000,000, damage to rented premises of $100,000, sexual/physical abuse or molestation of $50,000 per occurrence and $100,000 in the aggregate; (iii) hired and non-owned auto of $1,000,000 and a separate accident policy with coverage of $25,000 per participant and $25,000 in the aggregate; (iv) if you will have an owned auto registered to your WRTS Kid's Gym, a business auto policy in an amount of $1,000,000 or higher; (v) workers' compensation insurance for statuary limits (usually $1,000,000); and (vi) employer's liability insurance in an amount not less than $1,000,000. If you operate a Mobile WRTS Kid's Gym, you will need additional liability insurance. Our Manuals may require you to obtain and maintain additional coverage and/or coverage with adjusted policy limits during the term of your Franchise Agreement.

At least 10 days before you must obtain any insurance and, after that date, at least 30 days before the expiration of any policy, you must deliver to us, Certificates of Liability Insurance evidencing the types and minimum amounts of the required coverages as set forth above, and naming us, WRTS, and the Operating Company as "additional insureds." If you do not obtain and maintain the required insurance, we may, but are not obligated to, obtain the insurance for you and charge you for its costs as well as our costs to obtain the insurance and interest on the amount paid on your behalf at the maximum rate permitted by applicable law. We will not otherwise derive income from purchasing insurance for you.

Credit Cards.

You are required to honor all credit, charge, courtesy and cash cards approved by us in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with the operation of your WRTS Kid's Gym, you are required to maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of your Franchise Agreement. You are responsible for the security of cardholder data in the possession or control of any of subcontractors you engage to process credit cards. All subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor. You must, if requested to do so by us, provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all identified subcontractors.

Atak Interactive.

Atak Interactive, Inc. is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must establish an Atak Interactive account through Atak Interactive, Inc. or another website and social media service that we designate. Currently, there are no other approved suppliers for these services. We will pay the costs for website hosting and maintenance prior to the approved opening date of your WRTS Kid's Gym. You must pay all costs related to website hosting and maintenance to Atak Interactive. Atak Interactive currently charges $65 per hour and uses 15 minute billing increments. We estimate your cost for Atak Interactive services will be $65 a month, however, this amount may vary based on the frequency of your use of Atak Interactive's services. You must pay for any costs incurred for any services other than website hosting and maintenance that you choose to receive from Atak Interactive, Inc., including class updates and other changes to the content of the website.

Constant Contact.

Constant Contact is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must subscribe to Constant Contact or other marketing and social media services that we approve to permit you to participate in all marketing and promotional campaigns we conduct. Currently there are no other approved

suppliers for this service. As of the date of this Disclosure Document, we estimate your cost to subscribe to Constant Contact will be $35 per month.

ScreenCloud.

ScreenCloud, Inc. is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must continuously display social media feeds from ScreenCloud or other social media feed providers that we designate on a 1080-HD Video Monitor that you must purchase, in your WRTS Kid's Gym at your expense. The requirements for ScreenCloud are further described in Item 11. Currently there are no other approved suppliers for these services. As of the date of this Disclosure Document, we do not currently require you to pay us a monthly fee for the ScreenCloud feed, but may do so in the future. If we begin charging a monthly fee for the ScreenCloud feed, we estimate your cost for ScreenCloud's services will be $20 per month.

INC Technologies.

INC Technologies is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must establish and maintain an account with an email and hosted exchange service provider that we designate. We currently require you to establish a MailFlow account with INC Technologies. There are no other approved suppliers for these services. As of the date of this Disclosure Document, your cost to establish your MailFlow account will be $14 per month, for each email address that you use.

MindBody.

MindBody, Inc. ("Mindbody") is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must only use Mindbody's business management services or another business management service provider we designate. You must agree to abide by Mindbody's terms of service when you sign your Franchise Agreement. When you sign your Franchise Agreement, you must also sign the Purchased Services Compliance and Indemnity Agreement in the form attached to this Disclosure Document as Exhibit C. In addition, you must use Mindbody's credit card processing system to process your credit card transactions. Mindbody also manages the WRTS mobile device application, which allows customers to book and purchase services on mobile devices. As of the date of this Disclosure Document, your cost for Mindbody's credit card processing and mobile application services is $158 per month, $60 per month for the mobile application and $98 per month for credit card processing. There are no other approved suppliers for these services.

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.

Obligation	Section(s) In Agreement	Disclosure Document Items
a. Site selection and acquisition/lease	Articles 5 and 7 of the Franchise Agreement; Section 5.1 of the Area Development Agreement	Items 8, 11 and 12

Obligation	Section(s) In Agreement	Disclosure Document Items
b. Pre-opening purchases/leases	Articles 5, 7, 10, 11 and 12 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.3; Article 5 of the Area Development Agreement	Items 5, 7, 8 and 15
c. Site development and other pre-opening requirements	Articles 5 and 6 of the Franchise Agreement; Section 6.1 of the Area Development Agreement	Items 7, 11 and 16
d. Initial and ongoing training	Article 6, Sections 7.4 - 7.7 of the Franchise Agreement	Items 6 and 11
e. Opening	Section 5.3 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4	Item 11
f. Fees	Articles 4, 6, 7, 11 and 13; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 3; Article 4 and Exhibit A of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/ Manuals	Articles 7, 8 and 9 of the Franchise Agreement	Items 8, 11 and 16
h. Trademarks and proprietary information	Articles 8 and 9 of the Franchise Agreement	Items 13 and 14
i. Restrictions on merchandise/services offered	Article 7 of the Franchise Agreement	Items 8 and 16
j. Warranty and member service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 2.1 and Exhibit A of the Area Development Agreement	Item 12
l. Ongoing product/service purchases	Articles 7 and 11 of the Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Articles 2, 3 and 7 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 5.3	Items 7 and 16
n. Insurance	Article 12 of the Franchise Agreement	Items 7 and 8
o. Advertising	Article 11 of the Franchise Agreement	Items 6, 7, 11 and 13
p. Indemnification	Sections 5.4, 7.16, 14.6 and 19.4 of the Franchise Agreement	Items 6, 12 and 17
q. Owner's participation/ management/staffing	Article 7 of the Franchise Agreement	Item 15

Obligation	Section(s) In Agreement	Disclosure Document Items
r. Records and reports	Sections 10.1, 10.3, 10.4, 10.5 and 10.6 of the Franchise Agreement	Items 6, 11 and 17
s. Inspections and audits	Article 5, Section 6.7, Articles 7 and 8, and Section 10.6 of the Franchise Agreement	Items 6, 11 and 17
t. Transfer	Article 13 of the Franchise Agreement, Article 9 of the Area Development Agreement	Items 6 and 17
u. Renewal	Sections 3.2 – 3.5 of the Franchise Agreement; Section 2.6 of the Area Development Agreement	Items 6 and 17
v. Post-termination obligations	Article 15 of the Franchise Agreement; Article 12 of the Area Development Agreement	Items 6 and 17
w. Non-competition covenants	Article 16 of the Franchise Agreement; Article 13 of the Area Development Agreement	Item 17
x. Dispute resolution	Article 23 of the Franchise Agreement; Article 15 of the Area Development Agreement	Item 17
y. Taxes and Permits	Articles 4, 5 and 18 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4.1	Items 1 and 7
z. Computer hardware and software	Section 7.10 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4.1	Item 16
aa.: Security Interest	Sections 4.8 and 15.12 of the Franchise Agreement	Item 10
bb. Early Termination Damages	Section 15.6 of the Franchise Agreement	Item 6

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Before Opening.

We have the following obligations to you before you open your WRTS Kid's Gym for business:

1. Site Selection Assistance. You are solely responsible for selection of the site of your WRTS Kid's Gym, which will be subject to our review and acceptance. However, we may, without obligation, assist you in

locating a site for your WRTS Kid's Gym. You may not construe any assistance we may provide, or our acceptance as a guarantee or other assurance that a site will be successful. The factors we consider in accepting WRTS Kid's Gym locations include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. (Franchise Agreement, Section 5.1).

2. Site Design. We will provide you with a copy of our specifications for the décor and layout of a WRTS Kid's Gym and the required fixtures, equipment, furnishings, décor, trade dress and signs. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans. You must design and construct your WRTS Kid's Gym in accordance with our standards and specifications. You are responsible for the cost of construction and remodeling of your WRTS Kid's Gym. (Franchise Agreement, Sections 5.2 and 7.26).

3. Manuals. After you sign your Franchise Agreement, we will loan you one copy of our Operations Manual, which may consist of one or more manuals ("Manuals") to use during the term of your Franchise Agreement which may include audio, video, compact disks, computer software, other electronic media and/or written materials. At our option, we may post some or all of the Manuals on a restricted website, intranet, or extranet to which you will have access. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. We may, from time to time, update or change the Manuals in our sole discretion. (Franchise Agreement, Section 6.5). You will be given the opportunity to review the Manuals before you sign your Franchise Agreement. Our Manuals currently contain 205 pages. You must operate your WRTS Kid's Gym in compliance with the terms of your Franchise Agreement and the Manuals. You alone will exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gym, including over your employees. Under no circumstance will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System with which you must comply under your Franchise Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your WRTS Kid's Gym, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your WRTS Kid's Gym consistent with our policies. (Franchise Agreement, Section 7.3).

4. Initial Training Program. We provide an Initial Training Program and opening assistance as described below. The Initial Training Program is not provided if you or any of your affiliates own or operate a WRTS Kid's Gym when you sign your Franchise Agreement. (Franchise Agreement, Section 6.1). You will be responsible for any and all expenses incurred in connection with training including the costs of transportation, lodging, meals, and any wages. (Franchise Agreement, Section 7.4).

5. WRTS Approved Suppliers. We will designate our WRTS Approved Suppliers for you after you sign your Franchise Agreement. All WRTS Branded Products must be purchased from WRTS Approved Suppliers. (Franchise Agreement, Section 6.9).

6. WRTS Merchandise and Supplies. We will provide you with a list of WRTS Merchandise and Supplies (Franchise Agreement, Section 6.9).

7. Bus Specifications and Design; Graphics. If you are eligible to own and operate a Mobile WRTS Kid's Gym, you may use a third party supplier of your choice to purchase the bus, detailing and equipment, however, the third party supplier must be approved by us in writing. Your standard model bus must comply with our standards and specifications and must be equipped with one air conditioning unit, one heater and the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads,

bolster swing, big yellow slide and min-trampoline. You must add the graphics, detailing, equipment, WRTS trade dress and signs to your standard model bus to comply with our requirements at your expense. You have the option to equip your standard model bus with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at your expense. The décor and layout of your Mobile WRTS Kid's Gym, the graphics, detailing and equipment, trade dress and signs must comply with our requirements. (WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.3).

8. Virtual Training. We may provide any or all portions of the Pre-Opening Initial Training Program and/or pre-opening on-site opening assistance remotely over a virtual communication platform designated by us. (Franchise Agreement, Section 6.8).

Post-Opening Obligations.

We have the following obligations to you during the operation of your WRTS Kid's Gym:

1. On Site Opening Assistance. We will provide on-site training and assistance for up to 7 days after your first WRTS Kid's Gym opens for business to the public. (Franchise Agreement, Section 6.3). We do not provide on-site opening assistance to you or your affiliates if you already own or operate a WRTS Kid's Gym when you sign your Franchise Agreement or if you sign a renewal Franchise Agreement. (Franchise Agreement, Section 6.2).

2. Post-Opening Initial Training Programs. We may, at your request and our discretion, provide additional Initial Training Programs for your new or replacement supervisorial and managerial personnel. (Franchise Agreement, Section 6.3).

3. Post-Opening Additional Training Programs. If we determine it to be necessary, we may provide your supervisorial or managerial employees and you with additional training programs ("Additional Training Programs"). (Franchise Agreement, Sections 6.4 and 7.6).

4. Post-Opening Consultation. We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in or at the WRTS Kid's Gym for which we have not established WRTS Approved Suppliers. (Franchise Agreement, Section 6.6).

5. WRTS Approved Suppliers. We will provide you with updates to our list of WRTS Approved Suppliers. (Franchise Agreement, Section 6.9).

6. Inspections. We may examine your WRTS Kid's Gym to confer with your supervisorial or managerial employees, inspect and check operations, food, beverages, furnishings, interior and exterior décor, supplies, fixtures and equipment, and determine whether your WRTS Kid's Gym is being operated in accordance with your Franchise Agreement, WRTS System and the Manuals. (Franchise Agreement, Sections 6.7 and 7.7).

7. Manuals. We will continue to provide you with access and updates to our Manuals during the term of your Franchise Agreement which may include audio, video, compact disks, computer software, other

electronic media and/or written materials. We may, from time to time, update or change the Manuals in our sole discretion. (Franchise Agreement, Section 6.5).

8. WRTS Proprietary Programs, WRTS Marks and WRTS System. We will permit you to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System during the term of your Franchise Agreement. (Franchise Agreement, Section 2.1).

9. Confidential Information. We will provide you with access to our confidential information during the term of your Franchise Agreement. (Franchise Agreement, Article 9).

10. Toll Free Telephone Number. We may now or in the future establish a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If we establish a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Manuals or otherwise in writing. (Franchise Agreement, Section 6.13).

11. Virtual Training and Inspections. We may provide all or any portions of the Post-Opening Additional Initial Training Programs, Additional Training Programs, post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by us. (Franchise Agreement, Section 6.8).

Delegation of Obligations.

Our obligations may be performed by any of our employees or agents as we may direct. You consent and agree to the delegation of our obligations to a designee, employee or agent of ours in your Franchise Agreement. (Franchise Agreement, Section 6.11).

Site Selection/Lease/Purchase of Real Estate.

If you do not already have a location when you sign your Franchise Agreement, you must purchase or lease a site for your WRTS Kid's Gym promptly after you sign your Franchise Agreement. You must identify one or more sites that meet our then-current standards and specifications and submit the site to us for approval. We will notify you in writing whether the site is accepted or rejected within about 30 days after we receive all of the information we require to evaluate the site. You must submit your proposed lease to us to allow us at least 15 days to confirm that the required provisions in Section 5.1.2 of the Franchise Agreement have been included in the lease and/or that you and your landlord have executed an Collateral Assignment of Lease attached as Exhibit E to our Franchise Agreement in the form we specify, and you must provide us with a fully signed copy of any lease you sign following our acceptance. (Franchise Agreement, Section 5.1.3). If we do not accept a site within 10 days of our receipt of your site review request, the site will be deemed rejected. You must deliver a fully executed copy of your Lease to us within 90 days after you sign your Franchise Agreement and must open your WRTS Kid's Gym for business within 180 days from the date you sign your Franchise Agreement. (Franchise Agreement, Section 5.3). If you are purchasing the Franchised Location, you must submit the contract for purchase and sale to us for approval at least 15 days before you sign it, and provide a fully signed copy of the contract to us within 15 days following closing. (Franchise Agreement, Section 5.1.3). At the time you sign each Franchise Agreement under an Area Development Agreement, you must locate sites for your WRTS Kid's Gyms. We must approve the site and our then-current standards for WRTS Kid's Gym sites will apply. After you have located a site, you must submit it to us for our review and request us to consider and approve the site. Following receipt of our acceptance of a site, you must negotiate a lease or purchase

agreement for the site and submit a copy to us. (Area Development Agreement, Section 5.2). We will then give you execution copies of our then-current Franchise Agreement for the proposed location. You must return the signed Franchise Agreement to us within 30 days after you receive the execution copies of the Franchise Agreement. (Area Development Agreement, Section 5.2). You may not enter into any Lease for a site unless and until we have approved the site and the Lease in writing. (Area Development Agreement, Section 5.2).

You may not open your WRTS Kid's Gym at the Franchised Location for business until you receive our written authorization, which may be subject to our satisfactory inspection of your WRTS Kid's Gym at the Franchised Location. (Franchise Agreement, Section 5.3).

You may not relocate your WRTS Kid's Gym to any other location without our prior written consent. If we consent to a relocation of your WRTS Kid's Gym, you will have 180 days from the date of our approval of the new Franchised Location to secure the new Franchised Location and to open and operate a WRTS Kid's Gym at the new Franchised Location. If you fail to secure a new Franchised Location within 180 days of the date we approve the new Franchised Location, we may extend the time for you to do so; however, we will then have the right to estimate and bill you for royalty fees for the time period following the 180 day period based upon the royalty fees we received for your original WRTS Kid's Gym during the identical periods of the last preceding calendar year plus an additional 10% of such amount or, if your WRTS Kid's Gym was not in operation during the identical period of the last preceding year, based upon the average royalty fees you paid during the number of months your original WRTS Kid's Gym was in operation plus an additional 10% of that amount. (Franchise Agreement, Section 5.4).

Length of Time to Open Your WRTS Kid's Gym/ Mobile WRTS Kid's Gym.

You must deliver a fully executed copy of the Lease to us within 90 days after you sign your Franchise Agreement, and you must open your WRTS Kid's Gym for business within 180 days after you sign your Franchise Agreement, unless we agree otherwise. (Franchise Agreement, Sections 5.1 and 5.3). Failure to do so will result in default under your Franchise Agreement and we may terminate your franchise. (Franchise Agreement, Section 14.2). A WRTS Kid's Gym usually opens for business within 60 to 180 days after you sign your Franchise Agreement. Factors that may affect the length of time between signing of a Franchise Agreement and opening for business include the time necessary to: identify a location that we will accept; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and the hiring and training of personnel. Delays in opening may be caused by inclement weather, material or labor shortages, labor actions, slows, equipment shortages and similar factors.

You must open your Mobile WRTS Kid's Gym for business within 90 days after you sign your Franchise Agreement, unless we agree otherwise in writing. (Mobile WRTS Addendum, Exhibit G to Franchise Agreement, Section 4.2). Failure to do so will result in default under your Franchise Agreement and we may terminate your franchise. (Franchise Agreement, Section 14.2). A Mobile WRTS Kid's Gym usually opens for business within 60 to 90 days after you sign your Franchise Agreement. Factors that may affect the length of time between signing of a Franchise Agreement and the opening of a Mobile WRTS Kid's Gym for business include the time necessary to: obtain a bus from its manufacturer; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; installation of fixtures, equipment, and signs; and the hiring and training of personnel. Delays in opening may be caused by

inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

Computer System.

You must purchase or lease the computer hardware and software, dedicated telephone and power lines, modems, printers, and other computer-related accessories or peripheral equipment that we approve, according to our specifications. The purpose of the computer hardware and software is for recording revenues and other record keeping and central functions. The estimated cost of a computer system is approximately $500 - $1,000. We provide the software for recording revenues and other record keeping functions at no cost to you. The average annual price of the software that we cover for you is $1,200 per year. You must help us connect your computer system with a computer system used by us or our affiliates. We may retrieve all data and information from your computer system and there are no contractual limitations on our right to do so. You must strictly comply with our specifications for all items associated with your computer system, and operate your computer system in accordance with our specifications. (Franchise Agreement, Section 10.1).

Training for the use of the software will be provided by the supplier. You must, at your expense, train your employees to properly operate the computer system, keep your computer system in good repair, and if we determine that modifications will benefit the System, you must modify your computer hardware, software, telephone and power lines, and other computer-related facilities at your expense as we direct. There are no limitations on the frequency or cost of this obligation. You will not be required to replace the computer system for your WRTS Kid's Gym any more frequently than once every 30 months. We estimate the annual cost to upgrade or update your computer system will not exceed $250 - $500. (Franchise Agreement, Section 10.2).

ScreenCloud.

We will provide you access to social media feeds through ScreenCloud. We currently do not require you to pay us $20 per month for the right to receive the ScreenCloud feed, but may do so in the future. If we begin charging the $20 monthly ScreenCloud fee, that fee may increase in the future, which we estimate will not exceed $100 per month. If you will be operating a "brick and mortar" WRTS Kid's Gym, you must purchase and install, at your expense, at least one 80" 1080-HD video monitor, in addition to any other equipment we determine is necessary to receive social media feeds from ScreenCloud at the WRTS Kid's Gym. Except as otherwise directed by us, you must continuously display the ScreenCloud social media feeds at the WRTS Kid's Gym. (Franchise Agreement, Section 7.30).

We may, from time to time, modify the ScreenCloud equipment requirements you must purchase and install at the WRTS Kid's Gym, and you must comply with these modifications upon written notice from us. We may discontinue your ScreenCloud feed at any time and for any reason, in our sole discretion. You must remove all monitors or other equipment related to ScreenCloud from the WRTS Kid's Gym immediately upon notice from us to do so. (Franchise Agreement, Section 7.30).

Internet.

We have registered the Internet domain name www.wrtsfranchise.com and have established a site using this domain name. You acknowledge that the domain name is our sole property. You may not use in any manner any computer medium or electronic medium (for example, any Internet home page, e-mail address, web site, domain name, URL, bulletin board, newsgroup or other Internet related medium or activity) that contain the WRTS Marks, or any other words, symbols or terms confusingly similar to the WRTS Marks without our

express prior written consent. We will include a link on our website for your WRTS Kid's Gym webpage. (Franchise Agreement, Section 20.1).

We have the sole right to market on the Internet and use the WRTS Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the WRTS Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the WRTS Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the WRTS Marks or any marketing, is subject to the terms and conditions of your Franchise Agreement and any other rules, requirements or policies that we may identify. (Franchise Agreement, Sections 2.3 and 20.3).

Intranet.

We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates and other confidential information to you. If we establish an Intranet, you must establish and maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you. We will have reasonable discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet. You will only have the privilege, and not the right, to use the Intranet, subject to your compliance with our policies. (Franchise Agreement, Section 7.25).

Marketing Fund.

As of the date of this Disclosure Document, we have not established a marketing and there is no marketing fund to which you must contribute. We are not obligated to conduct marketing for you, however if we choose to do so, we may use any form of media we deem appropriate, including preparing and producing video, audio and written marketing materials (which may be prepared in-house, or we may employ national or regional marketing agencies), sponsorship of events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers. (Franchise Agreement, Section 11.1). We are not obligated to spend any amount on marketing in your "Exclusive Territory."

Local Marketing Expenditure.

As of the date of this Disclosure Document, we do not require you to make local marketing expenditures. If you choose to market your WRTS Kid's Gym, you must submit to us before use, samples of all local marketing materials, and descriptions of all local marketing programs, not prepared or previously approved by us, for our approval. You may not use any marketing material or program or use the WRTS Marks in any public manner without our prior written approval. (Franchise Agreement, Section 11.2). We have not established a local or regional advertising cooperative and you have no obligation to participate in a local or regional advertising cooperative at this time.

The Area Development Agreement does not impose any obligation to spend any money on marketing in addition to any money you may have to spend under your Franchise Agreement.

Initial Training Program.

We will provide an Initial Training Program in the WRTS System and methods of operation (the "Initial Training Program") at our WRTS Kid's Gym in Tarzana, California; our franchised locations in: (i) Jacksonville, Florida, (ii) Audubon, New Jersey, (iii) Dallas, Texas, (iv) Sugarland, Texas (v) Oakville, Canada (vi) Forest Hill, Maryland (vii) or North County, Missouri ; your WRTS Kid's Gym; and/or by video and audio applications such as Skype and FaceTime, for up to 2 persons selected by you who must include your "Principal Owner" and "General Manager" or other supervisorial or managerial personnel. Your Principal Owner and General Manager may be the same person. You will be responsible for all expenses incurred in connection with attendance at the Initial Training Program including the costs of transportation, lodging, meals, and any wages. An "Owner" is each current and future direct or indirect shareholder, member, general or limited partner, trustee or other equity owner if you are an entity. A "Principal Owner" is the individual you designate and we accept to serve as the primary operator of the WRTS Kid's Gym who will act as your representative in all matters with us as your liaison with us and the remaining Owners, and who shall have the authority to act on your entity's behalf without the active participation of any other Owner. (Franchise Agreement, Section 6.1). In addition, before your WRTS Kids Gym opens for business, your Principal Owner and General Manager must each show evidence of prior certification as a Registered Behavior Technician ("RBT"), or successfully complete training to become certified as an RBT ("RBT Certification Training") with our Approved Supplier of RBT Certification Training, which is currently Autism BX, LLC ("Autism BX"). RBT Certification Training with Autism BX consists of 40 hours of online training, completion of a competency assessment and passing an exam. We will bear the expense of RBT Certification Training for your Principal Owner and General Manager; however, you must pay any fees incurred thereafter to renew or maintain RBT certification status. (Franchise Agreement, Section 7.4).

You must complete our Initial Training Program to our satisfaction and open your WRTS Kid's Gym within 180 days after you sign your Franchise Agreement. If your WRTS Kid's Gym is your first WRTS Kid's Gym, we will provide training, instructors, a training manual, and other materials at no charge to you. The Initial Training Program will consist of approximately 7 – 10 days of training that must be completed prior to commencing the operation of your WRTS Kid's Gym. We will not provide the Initial Training Program if you or your affiliate currently (or an Owner of either) owns or operates a WRTS Kid's Gym or if your Franchise Agreement is signed as a renewal Franchise Agreement. (Franchise Agreement, Sections 6.1 and 7.4).

INITIAL TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Check List	0	1	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri Virtual communication platform / your WRTS Kid's Gym

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Location Search	0	3	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
Gym Setup	0	6	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/ Virtual communication platform / your WRTS Kid's Gym
Software Training	0	5	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
Training on Daily Programs Offered	0	15	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
Safety Procedures Training	0	6	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
Camps/Birthday Parties	0	2	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
Marketing	0	2	Tarzana, California/ Jacksonville, Florida/ Audubon, New Jersey/ Dallas, Texas/Sugarland, Texas/Oakville, Canada/Forest Hill, Maryland/North County, Missouri/Virtual communication platform / your WRTS Kid's Gym
TOTAL	0	40	

The Initial Training Program will be conducted as often as necessary to ensure that WRTS Kid's Gym franchisees complete training before their WRTS Kid's Gyms open for business. The primary instructional material for the Initial Training Program will be the WRTS Manuals. The Initial Training Program will be supervised by Dina Kimmel, who has approximately 12 years of experience with us and the Operating Company's WRTS Kid's Gym; Gail Field, who has approximately 8 years of experience working with us and the WRTS Kid's Gym in Boca Raton, Florida; and Janelle Giacalone, who has approximately 8 years of experience working with us and the WRTS Kid's Gym in Boca Raton, Florida. You must faithfully attend all phases of the Initial Training Program and complete it to our satisfaction, as certified by us in writing. Your failure to successfully complete any aspect of the Initial Training Program, as we determine in our sole

discretion, constitutes grounds for termination of your Franchise Agreement. (Franchise Agreement, Section 14.2.12). We may allow you to retake the Initial Training Program in our sole discretion.

Post-Opening On-Site Assistance.

For your first WRTS Kid's Gym, we will provide on-site training and assistance to your supervisorial or managerial personnel for up to 7 days after your WRTS Kid's Gym opens for business. We will not provide any on-site assistance for your second and subsequent WRTS Kid's Gyms. We will select the employees providing the on-site training and the length of time that on-site training is provided. (Franchise Agreement, Section 6.2).

Post-Opening Additional Training Programs.

If we determine it to be necessary, we may provide you or your supervisorial or managerial employees with Additional Training Programs. We will select the time and location of all Additional Training Programs. You must pay us our then-current Additional Training Fee, which is currently $250 per day, for each of our representatives that provide these programs to defray our direct costs of providing these programs. You will be responsible for all expenses incurred in connection with attendance at the Initial Training Program including the costs of transportation, lodging, meals, any wages, and similar costs incurred in connection with attendance at the Post-Opening Additional Training Programs. (Franchise Agreement, Sections 6.4 and 7.6).

Virtual Training and Assistance.

We may provide all or any portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, post-opening on-site opening assistance and/or post-opening consultations remotely over a virtual communication platform designated by us. (Franchise Agreement, Sections 6.8 and 7.8).

Annual Franchise Conference.

We may hold an Annual Franchise Conference for all WRTS franchisees each year. Your Principal Owner and General Managers must attend the Annual Franchise Conference. You must pay us a $500 Franchise Conference Fee to reimburse us for a portion of the direct costs to provide the Annual Franchise Conference upon demand at 30 days before the date of the Annual Franchise Conference, whether or not you attend the Annual Franchise Conference. (Franchise Agreement, Section 7.35).

ITEM 12
TERRITORY

Franchise Agreement.

You will be permitted to operate your WRTS Kid's Gym at a specific location that we accept, as described in your Franchise Agreement. You will receive an exclusive territory as described in Exhibit A of your Franchise Agreement ("Exclusive Territory"). The continuation of your Exclusive Territory does not depend on achieving certain sales volumes or market penetration, however, you will no longer receive an Exclusive Territory if you are in default under your Franchise Agreement or any other agreement with us. Our acceptance of your Franchised Location will be based upon a variety of factors which may include the viability of the then-current location and demographics including, number of households, household income, vehicular

traffic, and number of WRTS Kid's Gyms near the proposed new location. You may face competition from other WRTS Kid's Gyms that we or our affiliates franchise or own, outside of your Exclusive Territory.

The Franchise Agreement will designate the Franchised Location and you will conduct business only at the Franchised Location. We will not own, operate, sell or issue a franchise for any other WRTS Kid's Gym inside your Exclusive Territory, if you are in good standing under your Franchise Agreement. We will establish your Exclusive Territory when we approve the Franchised Location. We will set forth your Exclusive Territory in your Franchise Agreement. Your Exclusive Territory may be limited to the actual site of the Franchised Location or will be outlined on Exhibit A of your Franchise Agreement. Factors that we consider in determining the size of your Exclusive Territory include the demographics, population size, age and income levels, neighboring and adjacent retail tenants, road visibility, traffic patterns and proximity of other WRTS Kid's Gyms or competitors serving the same market area. Provided you are not in default under your Franchise Agreement, we will not own, operate, sell or issue a franchise to another franchisee in your Exclusive Territory. There are no other radius restrictions or minimum population requirements that limit where we can franchise or operate another WRTS Kid's Gym.

Mobile WRTS Kid's Gym

If you own and operate a Mobile WRTS Kid's Gym under a Franchise Agreement and WRTS Mobile Addendum, we grant you the right to operate in a specified Mobile Territory, subject to our approval. The Mobile Territory may be one or more cities, counties, states, or some other defined area. The Mobile Territory will be specified in your WRTS Mobile Addendum. During the term of the Franchise Agreement and WRTS Mobile Addendum, we will not operate or grant a license or franchise to any other person to operate a Mobile WRTS Kid's Gym in your Mobile Territory. We will consider the demographics, population, traffic patterns, potential trade area and other relevant information when we establish your Mobile Territory. You may not operate your Mobile WRTS Kid's Gym within 2 miles of any WRTS Kid's Gym that is owned by another WRTS franchisee (a "Protected Zone"). We may reduce or enlarge a Protected Zone at any time. If you, at any time, operate your Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, you must pay us an encroachment fee of $1,000 (the "Encroachment Fee"). In addition, you will also be considered to be in default under your Franchise Agreement.

Rights We Reserve

We and our affiliates expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a "Competitive Business," under marks and systems different from the WRTS Marks and the WRTS System within and outside the Exclusive Territory; (iii) produce, license, distribute and market WRTS Branded Products through any outlet, whether inside or outside of the Exclusive Territory (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail marketing and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; (v) to purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate,

franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be proximate to your WRTS Kid's Gyms; and (vi) develop, open or operate and to franchise or license others to develop, open or operate WRTS Kid's Gyms at any "Non-Traditional Venue" outside of the Exclusive Territory regardless of their proximity to your WRTS Kid's Gym. We are not required to pay you any compensation if we exercise any of these options.

Relocation

You may not relocate the WRTS Kid's Gym without our written approval. If we approve any relocation of your WRTS Kid's Gym, you must de-identify the former location. If you fail to de-identify your former WRTS Kid's Gym site you must reimburse and indemnify and hold us harmless from all costs and expenses, including attorney's fees, arising out of your failure to de-identify. A "Competitive Business" is any children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym. "Non-Traditional Venues" are atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

You may not advertise or solicit business outside of your Exclusive Territory. Under your Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated or on your penetration of the market potential. You do not have the right to acquire additional franchises, options, rights of first refusal or similar rights to acquire additional franchises within the Exclusive Territory or any contiguous territories, although you may apply for the right to operate additional WRTS Kid's Gyms under separate Franchise Agreements.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate 2 or more WRTS Kid's Gyms at venues in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states, or some other defined area. The Development Area will be specified on Exhibit A to the Area Development Agreement. The term of the Area Development Agreement expires 5 years following the effective date of the Area Development Agreement. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a WRTS Kid's Gym in your Development Area.

We will determine or approve the location of each WRTS Kid's Gym under the Franchise Agreement at the time each Franchise Agreement is signed, and our then-current standards for approving sites and determining Exclusive Territories will apply. You will receive an exclusive territory as described in Exhibit A of your Area Development Agreement (the "Development Area"). We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, WRTS Kid's Gyms outside your Development Area, regardless of their proximity to your Development Area; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, other than a Competitive Business, under

marks and systems different from the WRTS Marks and the WRTS System within and outside your Development Area; (iii) produce, license, distribute and market WRTS Branded Products through any outlet, whether inside or outside of the Development Area (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the Internet, mail order catalogs, direct mail marketing and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; (v) to purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be proximate to your WRTS Kid's Gyms; and (vi) own or operate and to franchise or license others to own or operate WRTS Kid's Gyms at any Non-Traditional Venue outside of your Development Area regardless of their proximity to any WRTS Kid's Gyms developed or under development by you. We are not required to pay you any compensation if we exercise any of these options.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement signed by you under the Area Development Agreement, or a material breach of any other agreement between you and us, we may terminate your right to develop, open and operate new WRTS Kid's Gyms in the Development Area. The termination of your right to develop WRTS Kid's Gyms in your Development Area, however, will not terminate any rights granted under your Franchise Agreements then in effect between you and us, absent a breach of your Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional WRTS Kid's Gyms anywhere, without restriction, including in your Development Area, subject only to the territorial rights reserved to you in the individual Franchise Agreements.

If you satisfy the Development Obligation and desire to develop, open and operate additional WRTS Kid's Gyms in the Development Area, you will have the right (the "Additional Development Rights") to extend the term of your Development Agreement for an additional 5 years. If you desire to extend the term of your Development Agreement for an additional 5 years, you must notify us in writing (the "Additional Development Notice") that you desire to do so and provide us with a proposal for the development and opening of additional WRTS Kid's Gyms in the Development Area (the "Additional Development Obligation"), setting forth the number of additional WRTS Kid's Gyms you propose to open and the proposed opening dates for each WRTS Kid's Gym during the extended term. We may, but have no obligation to, accept your proposed Additional Development Obligation or grant you the Additional Development Rights in our sole discretion. (Area Development Agreement, Section 2.6).

If we accept the proposed Additional Development Obligation, you and we will sign our then-current form of Area Development Agreement (the "Additional Area Development Agreement") for the Additional Development Obligation if, and only if (i) you have fully performed your obligations under your Area Development Agreement and all other agreements between us and are in good standing on the date of the Additional Development Notice and on the date we sign the Additional Area Development Agreement; (ii) you have demonstrated your then-current financial ability to timely implement and complete the Additional Development Obligation; (iii) you continue to operate the aggregate number of WRTS Kid's Gyms in the Development Area as required by your initial development obligation; (iv) you sign the Additional Area Development Agreement and deliver it to us with the initial development fees payable to us for the Additional

Development Rights; and (v) you sign and deliver a general release to us in a form acceptable to us. (Area Development Agreement, Section 2.6.2).You must sign our then-current Franchise Agreement and pay us our then-current initial franchise fee for each additional WRTS Kid's Gym you will open in the Development Area. (Area Development Agreement, Section 2.6.1). If we elect not to grant you the Additional Development Rights, your Area Development Agreement will expire on its scheduled expiration date. (Area Development Agreement, Section 2.6.1).

General

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned facilities which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

ITEM 13
TRADEMARKS

As a WRTS Kid's Gym franchisee, you are licensed to use and display the WRTS Marks during the term of your Franchise Agreement only for the operation of your WRTS Kid's Gym. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us or our affiliates. WRTS is the owner of all rights, titles and interests in the WRTS Marks. WRTS has registered the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"), except for the mark "MY BROTHER ROCKS THE SPECTRUM" which the Foundation has registered on the Principal Register of the USPTO:

Mark	Registration Number	Registration Date
We Rock The Spectrum Kid's Gym	4039663	October 11, 2011 (renewed January 21, 2021)
	4612496	September 30, 2014
	4639552	November 18, 2014

Mark	Registration Number	Registration Date
FINALLY A PLACE WHERE YOU NEVER HAVE TO SAY I'M SORRY	4604414	September 16, 2014
WE ROCK THE SPECTRUM	4996563	July 12, 2016
WRTS	4996561	July 12, 2016
	4996565	July 12, 2016
MY BROTHER ROCKS THE SPECTRUM	4996566	July 12, 2016
WE ROCK ON WHEELS	5118198	January 10, 2017
We Bring The Sensory Play to You!	5118199	January 10, 2017
PLAY WITH A PURPOSE	6156276	September 22, 2020

WRTS has not filed any application to register, on either the Supplemental or Principal Register of the USPTO, the following WRTS Marks for our We Rock on Wheels Program:

Mark

We do not have a federal registration for this We Rock on Wheels mark. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We also claim common law rights to the trade and service marks we license to you. WRTS has filed all required affidavits and will file all required affidavits and renewals as they become due.

WRTS has granted us an exclusive and perpetual license to use the WRTS Marks for the franchising of WRTS Kid's Gyms under a License Agreement dated October 22, 2013 (the "Trademark License Agreement"). The Trademark License Agreement authorizes us to sell franchises for WRTS Kid's Gyms. The exclusive license may only be terminated for cause by WRTS, but we do not anticipate any issue with your use of the WRTS Marks because WRTS' members are principals of ours. If the license is terminated, you may have to switch to a different trademark, which may increase your expenses. With the exception of this Trademark License Agreement, there are no agreements currently in effect or contemplated that would significantly limit our right to use or license the use of our marks in any manner. There are currently no effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the WRTS Marks. There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the WRTS Marks. We have not, however, conducted an exhaustive search of users of names that may be the same or similar to the WRTS Marks. There may be similar uses to the WRTS Marks of which we are unaware, that could arise from prior users.

You will use the trade name "We Rock The Spectrum Kid's Gym For All Kids" combined with the name of the city in which you will operate your WRTS Kid's Gym to identify your WRTS Kid's Gym. You are prohibited from using our trade name or the WRTS Marks as part of any corporate name or using the "We Rock The Spectrum Kid's Gym For All Kids" trade name with any prefix, suffix, or other modifying words, terms, designs, or symbols except as described above. You are obligated to file a fictitious business name statement and do all other things necessary to prevent the use of the WRTS Marks by you from diminishing or destroying the legal protection to which they are entitled.

You must notify us of any infringement of, challenge to, or unauthorized use of the licensed name or marks that comes to your attention, including any claim, suit or demand against you. We may take actions we deem appropriate to protect our name or the WRTS Marks but we are not obligated by the Franchise Agreement to do so. We have the sole right to control any litigation involving our trade name or the WRTS Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using lawyers of our own choosing, and you must cooperate fully in defending any claim, and you may participate at your own expense in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in your

Franchise Agreement not to contest, directly or indirectly, our ownership, right, title, or interest in the WRTS Marks, or contest our sole right to register, use, or license others to use those names and the WRTS Marks.

We may add to, delete, or modify any or all of the WRTS Marks. You must modify or discontinue the use of the WRTS Marks, at your expense, if we modify or discontinue it. We will not compensate you if we modify or discontinue use of the WRTS Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no right in or to any patents. There are no pending patent or copyright applications that are material to your WRTS Kid's Gym. We have no registered copyrights, but we claim copyright protection for the Manuals and all marketing material that may be distributed by us. We will loan you one copy of or provide you with electronic access to the Manuals for confidential use in your WRTS Kid's Gym. You may not disclose, publish, sell, show, or reproduce the Manuals and must return it to us intact upon termination or expiration of your Franchise Agreement.

We regard our pricing software, list of approved independent suppliers and manufacturers, the WRTS Proprietary Programs, and all the information contained in the Manuals, as proprietary information owned by us. You agree, as part of your Franchise Agreement, not to contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques, and other proprietary information to which we claim exclusive rights. You are not given any rights in other trade secrets or proprietary or confidential information developed by us in the future. You must implement any reasonable procedures we may adopt to protect our trade secrets including restrictions on disclosures to your employees and requiring employees who will have access to our trade secrets to sign employment agreements containing non-disclosure and non-competition provisions.

There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned proprietary information in any manner. You must promptly notify us of any unauthorized use of the WRTS Proprietary Programs, any challenge to the validity of the WRTS Proprietary Programs, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the WRTS Proprietary Programs. We have the right to direct and control any administrative proceeding or litigation involving the WRTS Proprietary Programs, including any settlement. We have the right to take action against uses by others that may constitute infringement of the WRTS Proprietary Programs. If we determine that you have used the WRTS Proprietary Programs in accordance with your Franchise Agreement, we will defend you against any third party claim, suit, or demand arising out of your use of the WRTS Proprietary Programs. If we determine that you have not used the WRTS Proprietary Programs in accordance with your Franchise Agreement, you must pay for the cost of defense, including the cost of any judgment or settlement. In any litigation regarding your use of the WRTS Proprietary Programs you must sign all documents and do whatever is necessary to defend or prosecute the action, including becoming a nominal party to any legal action. Unless litigation results from your use of the WRTS Proprietary Programs in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out-of-pocket costs.

If you develop any new concept, process or improvement in the WRTS System (an "Improvement"), you must promptly notify us and provide us with all necessary related information, without compensation. Any Improvement will become our sole property and we will be the sole owner of all related intellectual property

rights. You must assign any rights you may have or acquire in the Improvements, to us, including the right to modify the Improvement, and you will waive and/or release all rights of restraint and moral rights to the Improvements. You will assist us in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and you agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You will appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any Improvement.

All data pertaining to your WRTS Kid's Gym and all data you create or collect in connection with your operation of the WRTS Kid's Gym (collectively, "WRTS Data"), including, data pertaining to, or otherwise concerning, the WRTS Kid's Gym's customers, or that you otherwise collect, including data uploaded to, or downloaded from your computer system is WRTS Data and is our sole property. We have the right to review and use the WRTS Data in any manner that we deem appropriate without any compensation to you. You just provide us with copies and/or originals of the WRTS Data within 5 days after our request for the WRTS Data at no cost to us and at any time during the term of your Franchise Agreement and upon the expiration and/or termination of your Franchise Agreement. We license the use of the WRTS Data to you during the term of your Franchise Agreement, at no cost to you, solely for your use in the operation of your WRTS Kid's Gym. You must maintain the WRTS Data as secret and confidential must not make any of the WRTS Data available to any unauthorized person without our prior written consent of and then only in the manner we permit.

The goodwill associated with all phone and fax numbers, email addresses, domain names, websites or webpages, social media and other Internet addresses used in operation of the WRTS Kid's Gym is an asset that belongs to us. Upon cancellation, termination or expiration of the Franchise Agreement, you will be deemed to have assigned to us or our designee all right, title and interest in and to these and/or services associated with the same. You must sign the instruments we request to confirm the assignments and transfers to us.

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

You must designate a Principal Owner acceptable to us who will be responsible for the operational decisions of your WRTS Kid's Gym. Your Principal Owner must devote his or her full time to the WRTS Kid's Gym only in a management capacity and not as a staff member behind the service counter and must own at least 51% interest in your equity or voting rights (unless you are a publicly held entity or a wholly-owned subsidiary of a publicly-held entity) when you sign your Franchise Agreement. Under certain circumstances we may waive or reduce the requirement that your Principal Owner must have a 51% interest in your equity or voting rights. You must also designate a General Manager who will be the individual responsible for your WRTS Kid's Gym in the absence of the Principal Owner. Your Principal Owner and General Manager may be the same person. Your General Manager does not have to own an equity interest in you or the franchise. Your WRTS Kid's Gym must, at all times, be directly supervised by the Principal Owner or by a General Manager or other supervisorial or managerial personnel who have successfully completed our Initial Training Program. You must provide comprehensive initial training programs, additional training programs for your other employees and ensure that your WRTS Kid's Gym is at all times under the direct control of the Principal Owner or a General Manager and other employees fully trained by you. Each Owner must successfully complete RBT Certification Training with Autism BX. We may require each of your Owners, General Managers and other supervisorial and managerial personnel who will have access to any confidential information to sign an Employee Confidentiality Agreement in substantially the form attached as Exhibit D to the Franchise Agreement. None of the provisions in the Confidentiality and Non-Disclosure Agreement are intended to

prohibit or restrict any activity which prohibition or restriction violates your employees' rights to engage in protected concerted activity under the National Labor Relations Act.

If you are an entity, all present and future Owners of the equity or your voting rights, including spouses (and family members who live in the same household, excluding minor children) must execute a written Guarantee in a form we require, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our affiliate. Upon each transfer or assignment of your interest in your Franchise Agreement, or other change in your ownership interests, and at any other time we request, these holders must re-execute a written Guarantee in a form we require.

All employees you hire or employ at your WRTS Kid's Gym will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your WRTS Kid's Gym does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the WRTS Kid's Gym, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer WRTS Proprietary Programs at your WRTS Kid's Gym and only in accordance with the WRTS System. You may not use the WRTS System or the WRTS Marks anywhere except at the Franchised Location designated in your Franchise Agreement, unless you receive our specific written approval for operating at another location(s). We must pre-approve the use of any additional services, programs or products that you develop for your WRTS Kid's Gym. If we approve such items, you may use them only in your WRTS Kid's Gym. You may not sell or otherwise distribute the items to other WRTS franchisees or to any other person or entity without our written permission. We have the right, but no obligation, to make these items part of the WRTS System. We may add, delete, and change the WRTS Proprietary Programs that you may or must offer, in our unrestricted discretion, and this may require you to purchase additional equipment. There are no limits on our right to make changes. You may not operate any co-branding system without our prior written consent, which may be withheld unless we recognize the co-branding chain as an approved co-brand for operation within WRTS Kid's Gyms. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another franchisor that is featured or incorporated within the Franchised Location or is adjacent to the Franchised Location and is operated in a manner likely to cause the public to perceive that it is related to your WRTS Kid's Gym.

We may, on occasion, require you to test market products and/or services at your WRTS Kid's Gym. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us. We reserve the right to set maximum franchisee prices, prices in price promotions, pricing methodology and form, and actual or minimum prices, each to the extent permitted by law.

No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your WRTS Kid's Gym without our prior written consent. (Franchise Agreement, Section 7.24). You cannot sell WRTS Branded Products or WRTS Merchandise and Supplies on the Internet.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
a. Length of the term of the franchise	Section 3.1; WRTS Mobile Addendum (Exhibit G to Franchise Agreement) Article 2.	10 years. 5 years under the Mobile Addendum (Exhibit G to Franchise Agreement).
b. Renewal or extension of the term	Section 3.2; WRTS Mobile Addendum (Exhibit G to Franchise Agreement) Article 2.	Two additional 5 year options. If you do not extend the term for your WRTS Mobile Kid's Gym, the rights granted to operate the WRTS Mobile Kid's Gym will terminate and you will have to de-identify your Bus.
c. Requirements for Franchisee to renew or extend	Sections 3.3 – 3.4	You must have complied with your obligations during the term of your Franchise Agreement; sign our then-current form of Franchise Agreement that may contain terms and conditions materially different from those in your original Franchise Agreement; pay a renewal fee and sign a General Release Agreement in substantially the form of Exhibit G attached to this Disclosure Document. The fees payable under your renewal Franchise Agreement will be at the rates then applicable to new WRTS Kid's Gyms.
d. Termination by Franchisee	Not Applicable	Not Applicable (subject to state law)

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Sections 14.1 – 14.4 and 16.4	We can terminate if you materially default under your Franchise Agreement or Area Development Agreement or any other agreement between you and us.
g. "Cause" defined – curable defaults	Section 14.3	You have 10 days to cure non-payment of fees and 30 days to cure non-compliance with defaults not listed in Section 14.2.
h. "Cause" defined non-curable defaults	Sections 14.1, 14.2 and 14.4; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 6.1	Non curable defaults include: bankruptcy, foreclosure, or insolvency; abandonment; unapproved transfers; repeated defaults, even if cured; misrepresentations in acquiring your license; health or safety violations; trademark misuse; conviction of a felony; failure, for a period of 10 days after notification of noncompliance, to comply with any state or local law or regulation applicable to the operation of your WRTS Kid's Gym; knowingly maintaining false books or records or submitting false reports or knowingly underreporting orders; materially misusing the WRTS Marks; making an unauthorized use of the trade secrets or confidential information; purchasing products from non-approved suppliers; failure to sell and offer for sale all and only authorized services and merchandise required by Franchisor or failure to discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time, within 10 days after receipt of written notice from Franchisor to do so; and a breach of your obligations under the Franchise Agreement which by its nature is not capable of being cured by you; and failure to obtain promised funding within 10 days of signing the Franchise Agreement; engaging in fraudulent, dishonest, unethical, immoral or similar conduct in connection with your operation of the WRTS Kid's Gym; and engaging in any lewd or immoral conduct whether or not in connection with your operation of the WRTS Kid's Gym. You may not use the Mobile WRTS Kid's Gym for any purpose not authorized by the Franchise Agreement; you may not, at any time, operate the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error.
i. Franchisee's obligations on	Article 15	You must cease use of our trademarks, de-identify your WRTS Kid's Gym, pay all amounts due to us, and return the Manuals to us. If you attempt to terminate the Franchise Agreement

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
termination/ nonrenewal		prior to the Expiration Date or the expiration date of any Renewal Term, you must pay us Early Termination Damages in the amount of $5,000 to $10,000 within 30 days following the date of termination. The amount of Early Termination Damages will be dependent upon when you attempt to terminate before the Expiration Date. We may, at our option, assume all telephone numbers for your WRTS Kid's Gym. You must, at our option, cancel or assign to us your rights to any Internet websites or webpages or e-mail addresses or assumed fictitious or corporate names that contain the WRTS Marks. See also "r" below.
j. Assignment of contract by Franchisor	Section 13.1	No restriction on our right to assign.
k. "Transfer" by Franchisee – definition	Section 13.2	Includes transfer of the agreement or change in ownership of the entity that owns it.
l. Franchisor approval of transfer by Franchisee	Section 13.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Sections 13.2 and 13.4	The proposed transferee must qualify, successfully complete our Initial Training Program, sign our then-current Franchise Agreement (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement) and you must be in good standing, sign a General Release Agreement in substantially the form of Exhibit G attached to this Disclosure Document and pay our transfer fee (See also "r" below). If your Franchise Agreement has been signed under an Area Development Agreement, except as described below, you must concurrently assign all other existing Franchise Agreements to the same assignee.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 13.3	We can match any offer for your business.
o. Franchisor's option to purchase Franchisee's business	Section 15.8; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 7.1	When your Franchise Agreement expires or is terminated, we have the option to purchase the assets of your WRTS Kid's Gym that we elect to purchase.

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
p. Death or disability of Franchisee	Section 13.5	Your spouse, heirs or personal representative have 180 days to purchase your interest in the Franchise Agreement or complete an assignment of the interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 16.2; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.2	You may not be involved with any competing business without our prior written consent. Competing business means any business that offers indoor or outdoor play centers for children which feature swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services or any business similar to the WRTS Kid's Gym. You may not (i) divert any present or prospective customer to any competitor, or perform any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System; or (ii); operate the Mobile WRTS Kid's Gym within two (2) miles of any WRTS Kid's Gym owned by another WRTS franchisee. If you do so, whether intentionally or in error, you must pay us an Encroachment Fee and are subject to default under your Franchise Agreement (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.3 and 16.4	You are prohibited for 2 years following the termination, transfer or expiration of your Franchise Agreement, from owning or rendering services to any competing business located at the Franchised Location or within a 20 mile radius of any WRTS Kid's Gym or the Franchised Location. If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business that provides similar services at the Franchised Location or any site within 20 miles of any WRTS Kid's Gym or the Franchised Location (subject to state law).
s. Modification of the agreement	Section 22.5	All modifications to the Franchise Agreement must be in writing and signed by both parties.
t. Integration/ merger clause	Section 22.5	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	None

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
v. Choice of forum	Section 23.1	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.
w. Choice of law	Section 23.1	California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.

AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development Agreement (Exhibit B)	Summary
a. Length of the term of the Area Development Agreement	Article 3	5 years.
b. Renewal or extension of the term	Section 2.6	If you satisfy the Development Obligation and desire to develop, open and operate additional WRTS Kid's Gyms in the Development Area, you will have the right to extend the term of your Development Agreement for an additional 5 years provided you comply with the applicable conditions.
c. Requirements for Area Developer to renew or extend	Section 2.6	You must have complied with your obligations during the term of your Development Agreement; satisfy your Development Obligation before the expiration of your initial Development Agreement term; sign our then-current form of Development Agreement that may contain terms and conditions materially different from those in your original Development Agreement; and pay a Renewal Fee.
d. Termination by Area Developer	Not Applicable	Not Applicable (subject to state law)
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with "cause"	Section 11.1	We can terminate if you materially default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you and us.
g. "Cause" defined - curable defaults	Section 11.3	You have 10 days to cure non-payment of fees and 30 days to cure non-compliance with defaults not listed in Section 11.2.
h. "Cause" defined - defaults which cannot be cured	Sections 11.1, 11.2 and 11.5	Non-curable defaults include: unapproved transfers; failure to meet your development obligation; failure for a period of 10 days after notification of noncompliance to comply with any Federal, state or local law or regulation applicable to the operation of the franchise; any breach for unfair competition described in Section 8.1; cross defaults; a breach of your obligations under the Area Development Agreement which by its nature is not capable of being cured by you; failure to obtain

Provision	Section in Area Development Agreement (Exhibit B)	Summary
		promised funding within 10 days of signing the Area Development Agreement; engaging in fraudulent, dishonest, unethical, immoral or similar conduct in connection with your development of WRTS Kid's Gyms; and engaging in any lewd or immoral conduct whether or not in connection with your development of WRTS Kid's Gyms.
i. Area Developer's obligation on termination/non-renewal	Article 12	You will have no further right to develop or operate additional WRTS Kid's Gyms which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. You may continue to own and operate all WRTS Kid's Gyms under then existing Franchise Agreements; and you must honor all post-termination obligations. You must reimburse us the amount of the actual damages that we suffer as a result of the termination of your Area Development Agreement during the period that we estimate will expire while we search for a replacement Area Developer.
j. Assignment of contract by Franchisor	Section 9.1	No restrictions on our right to assign.
k. "Transfer" by Area Developer	Section 9.2	Includes transfer of the agreement or change in ownership of the entity which owns it.
l. Franchisor's approval of transfer by Area Developer	Section 9.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Sections 9.2 and 9.4	You may not transfer any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all of the Franchise Agreements signed under the Area Development Agreement to the same assignee.
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 9.3	We may match any offer to purchase your business.
o. Franchisor's option to purchase Area Developer's business	Section 9.1	We may sell our assets, the WRTS Marks, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring (each a "Capital Event") all without your consent or approval by you. Upon the occurrence of a Capital Event, we have the right to compel you to sell to us the assets of all your WRTS Gyms, whether or not they are open or under construction.

Provision	Section in Area Development Agreement (Exhibit B)	Summary
p. Death or disability of Area Developer	Section 9.5	Your spouse, heirs or personal representative has 180 days to purchase your interest in the Area Development Agreement or complete an assignment of the interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the Franchise	Section 13.2	You may not be involved with any competing business without prior written consent. You may not divert any present or prospective customer to any competitor, or perform any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System (subject to state law).
r. Non-competition covenants after the Franchise is terminated or expires	Section 13.3	You are prohibited for 2 years following the termination, transfer or expiration of your Area Development Agreement, from owning or rendering services to any competing business at a Franchised Location, except under another effective Franchise Agreement with us, or any location within a 20 mile radius of any WRTS Kid's Gym or a Franchised Location (subject to state law).
s. Modification of the Agreement	Section 18.5	The Area Development Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Section 18.5	Only the terms of the Area Development Agreement and its attachments are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	None
v. Choice of forum	Sections 15.1 and 15.2	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.
w. Choice of law	Section 15.2	California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

No compensation or other benefit is given or promised to a public figure for the use of a public figure in the name or symbol of the WRTS Kid's Gym or the endorsement or recommendation of the WRTS Kid's Gym by a public figure in advertisements. You do not have the right to use the name of any public figure in promotional efforts or marketing without prior written approval from us. No public figures are involved in the actual management or control of We Rock The Spectrum, LLC.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Franchisor's management by contacting Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356, (818) 996-6620; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE UNIT SUMMARY
FOR FISCAL YEARS 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised				
	2019	44*	49	+5
	2020	49	45	-4
	2021	45	49	+4
Company Owned				
	2019	2	2	0
	2020	2	2	0
	2021	2	1	-1
International				
	2019	4	5	+1
	2020	5	10	+5
	2021	10	11	+1
Total Outlets				
	2019	50*	56	+6
	2020	56	57	+1
	2021	57	61	+5

*1 gym operated by a Licensee

TABLE NO. 2
TRANSFERS OF OUTLETS FROM U.S. FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2019 to 2021

State	Year	Number Of Transfers
California		
	2019	1
	2020	2
	2021	1
Florida		
	2019	1
	2020	1
	2021	2
Illinois		
	2019	0
	2020	1
	2021	1
Louisiana		
	2019	0
	2020	0
	2021	1
Maryland		
	2019	1
	2020	0
	2021	0
Missouri		
	2019	2
	2020	1
	2021	0
New Jersey		
	2019	1
	2020	0
	2021	1
New York		
	2019	1
	2020	0
	2021	1
Ohio		
	2019	0
	2020	1
	2021	0
Oklahoma		
	2019	1
	2020	0
	2021	0

State	Year	Number Of Transfers
Pennsylvania		
	2019	0
	2021	0
	2022	1
Texas		
	2019	0
	2020	1
	2021	1
Virginia		
	2019	1
	2020	0
	2021	0
Washington		
	2019	0
	2020	1
	2021	0
Total Outlets		
	2019	8
	2020	8
	2021	9

TABLE NO. 2
TRANSFERS OF OUTLETS FROM INTERNATIONAL FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2019 to 2021

Country	Year	Number Of Transfers
All Countries		
	2019	0
	2020	0
	2021	0
Total Outlets		
	2019	0
	2020	0
	2021	0

TABLE NO. 3
STATUS OF U.S. FRANCHISED OUTLETS
FOR FISCAL YEARS 2019 to 2021

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Alabama								
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
California								
	2019	11*	0	0	0	0	0	11
	2020	11	0	4	0	0	0	7
	2021	7	0	1	0	0	0	6
Florida								
	2019	5	2	0	0	0	0	7
	2020	7	0	1	0	0	0	6
	2021	6	1	0	0	0	0	7
Georgia								
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Illinois								
	2019	3	0	1	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Louisiana								
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Maryland								
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Massachusetts								
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Minnesota								
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Missouri								
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
New Jersey								
	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
New York								
	2019	4	1	0	0	0	0	5
	2020	5	0	3	0	0	0	2
	2021	2	0	1	0	0	0	1
North Carolina								
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Ohio								
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oklahoma								
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Pennsylvania								
	2019	1	0	0	0	0	0	1
	2020	1	1	1	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina								
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas								
	2019	7	0	0	0	0	2	5
	2020	5	1	2	0	0	0	4
	2021	4	2	0	0	0	0	6
Virginia								
	2019	2	0	0	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	1	0

State	Year	Outlets At Start Of Year	Outlets Opened	Termina -tions	Non-Renewal s	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Washington								
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Wisconsin								
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total Outlets								
	2019	44*	8	1	0	0	2	49
	2020	49	8	12	0	0	0	45
	2021	45	7	2	0	0	1	49

*1 gym operated by a Licensee

STATUS OF INTERNATIONAL FRANCHISED OUTLETS
FOR FISCAL YEARS 2019 to 2021

Country	Year	Outlets At Start Of Year	Outlets Opened	Termina -tions	Non-Renewal s	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Australia								
	2019	1	0	0	0	0	0	1
	2020	1	4	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Canada								
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Egypt								
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Malaysia								
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Saudi Arabia								
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1

Country	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
United Arab Emirates								
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total								
	2019	4	1	0	0	0	0	5
	2020	5	5	0	0	0	0	10
	2021	10	1	0	0	0	0	11

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR FISCAL YEARS 2019 to 2021

State	Year	Outlets At Start Of The Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
California*							
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Florida*							
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	1	0
Totals*							
	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	1	1

* Our affiliate, the Operating Company, owns one WRTS Kid's Gym in Tarzana, California and our former affiliate Three J's, owned one WRTS Kid's Gym in Boca Raton, Florida. The Boca Raton, Florida outlet originally opened as a franchised location in 2014, became an affiliate owned location in April 2014 and was sold to a franchisee in November 2021.

TABLE NO. 5
PROJECTED U.S. OPENINGS AS OF DECEMBER 31, 2021

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlet In The Next Fiscal Year
Alabama	1	1	0
Alaska	1	1	0
California	1	1	0
Florida	4	1	0
Louisiana	1	1	0
Maryland	1	1	0
North Carolina	1	1	0
New Jersey	1	1	0
New York	1	1	0
Oklahoma	1	1	0
Rhode Island	1	1	0
Tennessee	3	1	0
Texas	4	1	0
Virginia	1	1	0
Wisconsin	1	1	0
Totals	23	15	0

PROJECTED INTERNATIONAL OPENINGS AS OF DECEMBER 31, 2021

Country	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlet In The Next Fiscal Year
Australia	2	2	0
Canada	1	1	0
Northern Ireland	1	1	0
Totals	4	4	0

Exhibit I lists the names of all current and former franchisees, their addresses and the telephone numbers of their outlets as of December 31, 2021.

No franchisees have not communicated with us within 10 weeks of the issuance date of this disclosure document.

There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

During the last 3 fiscal years we have signed confidentiality clauses with current and/or former franchisees. In some instances, current and/or former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of the franchisees will be able to communicate with you.

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

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H are our audited financial statements as of December 31, 2021, December 31, 2020 and December 31, 2019. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Attached:

Exhibit A is our current form of Franchise Agreement.

Exhibit B is our current form of Area Development Agreement.

Exhibit C is our current form of Purchased Services Compliance and Indemnity Agreement.

Exhibit D is our current form of Confidentiality Agreement for Prospective Franchisees.

Exhibit E is our current form of State Specific Addenda.

Exhibit F is our current form of Franchise Compliance Certificate.

Exhibit G is our current form of General Release Agreement.

ITEM 23
RECEIPTS

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit K. Please return one copy to us and retain the other for your records.

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A
FRANCHISE AGREEMENT AND ATTACHMENTS

EXHIBIT A

WE ROCK THE SPECTRUM, LLC

FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT
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WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into as of the "Effective Date" set forth on Exhibit A, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and the individuals or Entity identified as "Franchisee" on Exhibit A, on the other hand, who are individually referred to in this Agreement as a "Party", and collectively referred to in this Agreement as "Parties", with reference to the following facts:

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "Operating Company"), have developed the "WRTS System" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "WRTS Kid's Gym" or the "WRTS Kid's Gyms") under certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, without limitation, the mark "We Rock The Spectrum Kid's Gym For All Kids" and other trade names, service marks and trademarks that are now designated and may hereafter be designated by Franchisor (collectively, the "WRTS Marks").

B. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor play structure, motor play toys and equipment, arts and crafts areas, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "WRTS Proprietary Programs"), distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and marketing, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "WRTS System"). Franchisor has obtained the right to use and to license others to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System from its Affiliate.

C. Franchisee desires to obtain a license and franchise to develop, own and operate one WRTS Kid's Gym under the WRTS Marks, the WRTS Proprietary Programs and the WRTS System and the standards established by Franchisor from time to time, and Franchisor is willing to grant Franchisee a license and franchise under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, THE PARTIES AGREE:

1. DEFINITIONS

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"Abandon" means (i) Franchisee's failure, at any time during the Term, to keep the WRTS Kid's Gym open and operating for business for a period of five (5) consecutive days; (ii) Franchisee's failure to keep the WRTS Kid's Gym open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the WRTS Kid's Gym, unless the failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance

with this Agreement); (iii) the withdrawal of permission from the Landlord that results in Franchisee's inability to continue operation of the WRTS Kid's Gym at the Franchised Location; or (iv) a closure of the WRTS Kid's Gym required by Applicable Law.

"Affiliate" or "Affiliates" mean any Person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a Person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of the Person or Entity whether by contract or otherwise.

"Applicable Law" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the WRTS Kid's Gym that are in effect on or after the Effective Date, as they may be amended from time to time.

"Business Judgment" means that Franchisor is allowed to exercise its judgment however Franchisor believes is appropriate in a given circumstance without limitation, subject to the use of that discretion in any reasonable way as more fully described in Section 24.9.

"Co-Branding" means the operation of an independent business, product line or operating system owned or licensed by another Entity (not Franchisor) that is featured or incorporated within the WRTS Kid's Gym or is adjacent to the WRTS Kid's Gym and operated in a manner likely to cause the public to perceive it is related to the WRTS Kid's Gym. An example would be an independent ice cream store or counter installed within the WRTS Kid's Gym.

"Competitive Business" means any children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym.

"Constituents" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"Crisis Management Event" means any event that occurs at or about the WRTS Kid's Gym that has or may cause harm or injury to customers or employees, including, without limitation, tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, epidemics, pandemics or any other circumstance which may damage the WRTS System, the WRTS Marks, or the image or reputation of Franchisor and its Affiliates.

"Default" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"Electronic Signature" means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic signatures.

"Entity" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Franchisee is an Entity, the Entity shall conduct no business other than the operation of the WRTS Kid's Gym.

"Equity" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"Exclusive Territory" means the geographic area designated on Exhibit A.

"Expiration Date" means the tenth anniversary of the Effective Date as set forth on Exhibit A.

"Force Majeure" means any event that (i) was reasonably unforeseeable as of the Effective Date; (ii) is beyond the reasonable control, directly or indirectly, of a Party; (iii) could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, "Force Majeure" includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting WRTS Kid's Gyms generally; and (e) contagious diseases, epidemics, pandemics, transportation shortages, inadequate supply of labor, material or energy, or a Party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, Landlord, contractor, or other Person, or Franchisee's financial inability to perform or Franchisee's insolvency, shall be an event of Force Majeure under this Agreement, except to the extent that the act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Neither Party will be in Default in the performance of its obligations under this Agreement if the performance is prevented or delayed due to Force Majeure.

"Franchised Location" means the site of the WRTS Kid's Gym as set forth on Exhibit A.

"General Manager" means an individual who is responsible for overseeing the operation of the WRTS Kid's Gym in the absence of the Principal Owner.

"General Release" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"Good Standing" means Franchisee is in substantial compliance with the material requirements of this Agreement, the Manuals and all other agreements then in effect between Franchisor, or its Affiliates, and Franchisee, and has substantially cured each curable Default for which Franchisor has issued a Notice of Default to Franchisee within the time periods set forth in Article 14.

"Governmental Authority" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Revenue" means all revenue derived from the operation of the WRTS Kid's Gym and from the sale of all services and merchandise sold at or from the WRTS Kid's Gym, and all other income of every kind and nature related to the WRTS Kid's Gym including, without limitation, business interruption insurance related to the non-operation of the WRTS Kid's Gym, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. "Gross Revenue" shall not include the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"Initial Franchise Fee" means the $57,500 initial fee that Franchisee must pay Franchisor for the right to operate the WRTS Kid's Gym under this Agreement.

"Initial Term" means the ten (10) year period commencing on the Effective Date and ending on the Expiration Date.

"Initial Training Program" means Franchisor's seven (7) to ten (10) day initial training program that Franchisor shall provide for up to two (2) Persons selected by Franchisee who must include the Principal Owner and General Manager, at no charge to Franchisee before the WRTS Kid's Gym Opens for Business and that Franchisor may provide at other times during the Term, upon Franchisee's request, and by mutual arrangement of the Parties for the fees described in this Agreement. Franchisor may modify the Initial Training Program at any time and from time to time without notice.

"Landlord" means the owner of the Franchised Location who enters into a Lease with Franchisee for the Franchised Location.

"Lease" means any agreement, however denominated, that allows Franchisee to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Franchisee and a Landlord.

"Manuals" means Franchisor's Operations Manuals, which may consist of one or more manuals, and any other written directive related to the WRTS System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"NACHA" means the National Automated Clearing House Association, an organization that establishes the standards and rules followed by financial institutions for transferring payments.

"Non-Traditional Venues" means a broad variety of atypical sites, including, without limitation, a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

"Notice of Default" means a written notice from one Party to another Party demanding the cure of a Default and demanding that the defaulting Party provide evidence of the cure to the other Party.

"Open," "Open For Business," and "Opened" means that Franchisee has actually begun to offer its services for sale to the public from the WRTS Kid's Gym.

"Opening Date" means the day that (i) Franchisee receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at the WRTS Kid's Gym; and (ii) Franchisee actually begins to offer its services to the public from the WRTS Kid's Gym, whichever occurs last, which shall be no later than the first anniversary of the Effective Date as set forth on Exhibit A.

"Owner" means each of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit C.

"Payment Network" means Visa, MasterCard and any credit or debit card network issuing credit or debit cards and/or their duly authorized entities, agents or affiliates.

"Payment Processors" means all credit card, debit card and/or ACH processors whose services Franchisor may require Franchisee to utilize, as well as payment gateway service providers.

"Payment Rules" means the operating rules and regulations of Payment Processors and any applicable Payment Network, as in effect from time to time.

"Person" means any natural person or Entity.

"Principal Owner" means the individual designated by Franchisee on Exhibit B and accepted by Franchisor to serve as the primary operator of the WRTS Kid's Gym, to serve as the authorized representative of Franchisee, who shall have at least a fifty-one percent (51%) interest in the Equity of Franchisee, who shall act as Franchisee's representative in all matters with Franchisor as Franchisee's liaison with Franchisor and the Owners, and who shall have the authority to act on behalf of Franchisee during the Term without the active participation of any other Owner.

"Relocation Fee" means the $2,500 fee that Franchisee must pay Franchisor if Franchisee requests Franchisor to consent to a relocation of the WRTS Kid's Gym.

"Renewal Fee" means the $5,000 fee that Franchisee must pay Franchisor to extend the Initial Term and each Renewal Term.

"Renewal Term" means successive periods, each for five (5) years.

"Renewal Term Expiration Date" means the fifth anniversary of the commencement date of each Renewal Term.

"Restricted Person" means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"Term" the Initial Term unless this Agreement is extended for one or more Renewal Terms, in which case "Term" shall mean both the Initial Term and the Renewal Terms.

"Then-Current" means the form of agreement then-currently provided by Franchisor to similarly situated prospective WRTS Franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a WRTS Franchisee of Franchisor, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor or its Affiliates, or Franchisor's specifications, standards or the like.

"Transfer Fee" means the $7,500 fee that Franchisee must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"Website" means an interactive electronic document contained in a network of computers linked by communication software that refers to the WRTS Kid's Gym, the WRTS Marks, Franchisor or the WRTS System, and includes Internet and World Wide Web home pages.

"WRTS Approved Suppliers" means suppliers of services, merchandise, equipment, supplies, materials, furniture, fixtures and equipment for WRTS Kid's Gyms that have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services for WRTS Kid's Gyms meeting Franchisor's specifications as to brand names, models, contents, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be WRTS Approved Suppliers.

"WRTS Branded Products" means any product now existing or developed in the future that bears any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

"WRTS Trade Secrets" means proprietary and confidential information of Franchisor and the Operating Company, including, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating WRTS Kid's Gyms, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee's possession before receipt from Franchisor.

2. GRANT.

2.1 Grant. Franchisor hereby grants to Franchisee the right, and Franchisee undertakes the obligation, to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System solely in connection with the operation of one (1) WRTS Kid's Gym (the "WRTS Kid's Gym") at, and only at, the Franchised Location. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the WRTS Kid's Gym or to use the WRTS Marks, the WRTS Proprietary Programs, or the WRTS System under this Agreement.

2.2 Exclusive Territory. During the Initial Term, if Franchisee is not in Default under this Agreement or any other agreement between Franchisor, its Affiliates and Franchisee, neither Franchisor nor its Affiliates shall own, operate, sell or issue a franchise for any other WRTS Kid's Gym to be located within the Exclusive Territory.

2.3 Rights Reserved by Franchisor. Franchisor and its Affiliates expressly reserve all other rights with respect to the WRTS System, the WRTS Marks and WRTS Kid's Gyms, including the exclusive unrestricted

right, in their discretion, directly and indirectly, through their employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a Competitive Business, under marks and systems different from the WRTS Marks and the WRTS System outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (iii) produce, license, distribute and market WRTS Kid's Gym Branded Products through any outlet, outside of the Exclusive Territory (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail advertising and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, Co-Branding and other arrangements, and in all other forms of electronic media; (v) purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation outside of the Exclusive Territory, regardless of the location of these facilities (which Franchisee acknowledges may be proximate to the WRTS Kid's Gyms); (vi) develop, open or operate and to franchise or license others to develop, open or operate WRTS Kid's Gyms at any Non-Traditional Venue outside of the Exclusive Territory regardless of their proximity to the WRTS Kid's Gym; (vii) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at WRTS Kid's Gyms and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (viii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at WRTS Kid's Gyms, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; and (ix) engage in all other activities that this Agreement does not expressly prohibit.

2.4 Modifications to the WRTS System and WRTS Proprietary Programs. Franchisee acknowledges that the WRTS System, the WRTS Proprietary Programs and the services and merchandise offered by WRTS Kid's Gyms may be modified by Franchisor at any time and from time to time during the Term. Franchisee shall comply, at its expense, with all modifications following receipt of notice to do so from Franchisor, including, without limitation, all requirements to implement the modifications and shall complete their implementation within the time that Franchisor may reasonably require.

3. INITIAL AND EXTENDED TERM

3.1 Initial Term. The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date, unless sooner terminated as provided in this Agreement. If the term of the Lease for the Franchised Location is for less than ten (10) years, including any extension of the term, the Initial Term shall be for a period identical to the term of the Lease. Franchisee shall have no right or option to extend or renew the Term except as provided in Section 3.2. If Franchisee does not elect to extend the Term, this Agreement shall terminate on the Expiration Date.

3.2 Renewal Right. Upon the expiration of the Initial Term, Franchisee shall have the right (the "Renewal Right") to enter into a new franchise agreement in the Then-Current form then generally being offered to prospective WRTS Franchisees (a "Renewal Franchise Agreement") for successive Renewal Terms. If Franchisee desires to exercise the Renewal Right for a Renewal Term, Franchisee shall, no later than twelve

(12) months prior to the Expiration Date or Renewal Term Expiration Date, as the case may be, notify Franchisor in writing (the "Renewal Notice") that Franchisee desires to extend the Initial Term or Renewal Term for the duration of the Renewal Term or the next successive Renewal Term. If Franchisee exercises a Renewal Right, this Agreement shall terminate on the next Renewal Term Expiration Date. This Agreement is not otherwise renewable.

3.3 Conditions to Renewal. Franchisee may exercise its Renewal Rights only if all of the following conditions precedent are satisfied prior to the Expiration Date or Renewal Expiration Date, as the case may be: (i) Franchisee shall fully perform all of its obligations under this Agreement, any Area Development Agreement and all other agreements binding the Parties and shall be in Good Standing on the date of the Renewal Notice, on the date of Franchisor's execution of the Renewal Franchise Agreement and on the Expiration Date or Renewal Term Expiration Date, as the case may be; (ii) Franchisee shall, prior to the commencement date of the Renewal Term, undertake and complete at its expense, the remodeling, renovation, modernization, and refurbishing of the Franchised Location and the WRTS Kid's Gym to comply with Franchisor's Then-Current specifications and standards for new WRTS Kid's Gyms; (iii) Franchisee shall not have committed three (3) or more material Defaults during any eighteen (18) month period during the then-expiring Initial Term or Renewal Term, as the case may be, which are subject to notices of Default issued by Franchisor, whether or not the Defaults were cured; (iv) Franchisee shall continue to comply with the terms and conditions of this Agreement; (v) Franchisee shall satisfy Franchisor's Then-Current qualifications and training requirements; (vi) Franchisee shall execute and deliver to Franchisor a General Release; (vii) each Owner and each Owner's spouse of Franchisee execute and deliver to Franchisor a personal guarantee, in a form then satisfactory to Franchisor, jointly and severally guaranteeing Franchisee's performance of its obligations under the Renewal Franchise Agreement; (viii) Franchisee shall pay Franchisor a Renewal Fee (only for the first Renewal Term) when Franchisee issues the Renewal Notice to Franchisor; and (ix) Franchisee execute the Renewal Franchise Agreement and delivered it to Franchisor.

3.4 Renewal Procedures. Following the expiration of any waiting periods required by Applicable Law and no more than thirty (30) days after Franchisee receives franchise disclosure document, if applicable, and the execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor. If Franchisee has exercised a Renewal Right in accordance with Section 3.2 and satisfied all of the conditions in Section 3.3 and this Section 3.4, Franchisor shall execute the Renewal Franchise Agreement. If Franchisee fails to perform any of the acts, or deliver any of the notices required under this Article 3 in a timely fashion, the failure to do so shall be deemed an election by Franchisee to not exercise the applicable Renewal Right and shall automatically cause the applicable Renewal Right to lapse and expire.

3.5 Notice Required by Law. If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or a Renewal Term, as the case may be, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its Then-Current form of franchise agreement, at the time Franchisee delivers a Renewal Notice, Franchisor may, in its discretion, either: (i) offer to renew this Agreement upon the same terms set forth in this Agreement for a Renewal Term determined in accordance with Section 3.2; or (ii) offer to extend the Term on a week-to-week basis following the expiration of the Term for as long as it deems necessary or appropriate so that it may lawfully offer its Then-Current form of franchise agreement.

3.6 Month-to-Month Agreement. If Franchisee does not sign Franchisor's Then-Current Franchise Agreement prior to the Expiration Date and Franchisee continues to accept the benefits of this Agreement after

it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other with written notice of such party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement, or such longer notice period as is required by Applicable Law. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement.

4. FEES AND PAYMENTS

4.1 Initial Franchise Fee. Franchisee shall pay Franchisor the Initial Franchise Fee on the Effective Date. The Initial Franchise Fee includes payment for Franchisor's "Required Equipment Package" for Franchisee's WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators)rope bridge, carpet swing and climbing mountain. The Initial Franchise Fee shall be fully earned and non-refundable when paid, in consideration for the administrative and other expenses incurred by Franchisor to qualify Franchisee as a WRTS franchisee and for Franchisor's lost or deferred opportunities to enter into a Franchise Agreement for the Exclusive Territory with another franchisee; provided, however, that if this Agreement is terminated by Franchisor under Section 14.2.1, Franchisor shall retain $25,000 of the Initial Franchise Fee and shall refund $30,000 of the Initial Franchise Fee to Franchisee within thirty (30) days after the date this Agreement is terminated in exchange for a General Release from Franchisee in favor of Franchisor. The Parties acknowledge and agree that the actual damages to be suffered by Franchisor in this circumstance are difficult, if not impossible, to determine, and that, under all the facts and circumstances, this calculation of Franchisor's potential damages and retention of this portion of the Initial Franchise Fee by Franchisor, is a reasonable, good-faith estimate of those damages.

4.2 Royalty Fees. Franchisee shall pay to Franchisor, without deduction, abatement or offset, a continuing royalty fee in an amount equal to: (i) five percent (5%) of Gross Revenue if the monthly Gross Revenue of the WRTS Kid's Gym in a calendar month is less than $10,000; (ii) four and one-half percent (4.5%) of Gross Revenue if the monthly Gross Revenue of the WRTS Kid's Gym is $10,001-$15,000; and (iii) four percent (4%) of Gross Revenue if the monthly Gross Revenue of the WRTS Kid's Gym exceeds $15,001 (the" Royalty Fees"). Franchisee shall not be obligated to pay Franchisor any Royalty Fees for the first three (3) months following the Opening of the WRTS Kid's Gym. Royalty Fees for the fourth month following the Opening of the WRTS Kid's Gym and for each month of the Term thereafter shall be paid in the manner set forth in Section 4.4. If Franchisee Opens the WRTS Kid's Gym on the 1st through 14th day of the month, Royalty Fees shall be due for the fourth month immediately following the third month that the WRTS Kid's Gym has been Open for business. If Franchisee Opens the WRTS Kid's Gym on the 15th through the last day of the month, Royalty Fees shall be due for the fifth month that the WRTS Kid's Gym has been Open for business. For example, if Franchisee Opens the WRTS Kid's Gym on January 10, 2019, Royalty Fees shall be due for the month of April 2019 and Franchisee shall begin making the Royalty Fee payments to Franchisor on May 10, 2019; if Franchisee Opens the WRTS Kid's Gym on January 20, 2019, Royalty Fees shall be due for the month of May 2019 and Franchisee shall begin making the Royalty Fee payments to Franchisor on June 10, 2019.

4.3 Time of Payments. Royalty Fee payments shall be paid on a monthly basis, on the 10th day of each calendar month, calculated on the Gross Revenue of the WRTS Kid's Gym during the preceding calendar month. All payments made pursuant to Sections 4.2 shall be accompanied by the reports or statements required under Section 10.5. Any report or payment not actually received by Franchisor on or before its due date shall be deemed overdue. If any payment under this Agreement is overdue, Franchisee shall pay to Franchisor, immediately upon demand, in addition to the overdue amount, interest on the amount from the

date it was due until paid, at the rate of fifteen percent (15%) per annum, calculated weekly, or the maximum rate permitted by law, whichever is less. Entitlement to the interest shall be in addition to any other remedies Franchisor may have including, without limitation, the right of set-off to withdraw or retain, from time to time and without notice to Franchisee, any amounts due and unpaid by Franchisee from any accounts or amounts otherwise payable to Franchisee. If any check, draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Franchisor's expenses arising from the non-payment, including bank fees in the amount of at least $50 and any other related expenses incurred by Franchisor. Franchisee shall not be entitled to set-off any payments required to be made under this Article 4 against any monetary claim Franchisee believes it may have against Franchisor.

4.4 Other Payments. In addition to all other payments provided in this Agreement, Franchisee shall pay Franchisor and its Affiliates promptly when due (i) all amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever; and (ii) all amounts due for any reason, including on account of purchases of the WRTS Proprietary Programs, supplies or services relating to the WRTS Kid's Gym.

4.5 EFT and Pre-Authorized Payments. Franchisee hereby authorizes Franchisor to initiate debit entries and/or credit collection entries to Franchisee's designated primary business operating checking or savings account for the payment of Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates, from Franchisee.

4.5.1 At Franchisor's request, Franchisee, at Franchisee's sole cost and expense, shall instruct its bank to pay the amount of its Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates, directly to Franchisor from Franchisee's account, by electronic funds transfer or other automatic payment mechanism which Franchisor may designate ("EFT") and upon the terms and conditions set forth in the Manuals, and promptly upon Franchisor's request, Franchisee shall execute or re-execute and deliver to Franchisor the pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates. Franchisee shall make funds available for withdrawal by Franchisor by electronic transfer on the dates of each month as Franchisor shall designate throughout the Term. If Franchisor elects to utilize this method of payment of the obligations, Franchisee shall maintain a single bank account for the payments and shall maintain the minimum balance in the account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close the account except upon Franchisor's prior written approval. Any failure by Franchisee to implement the EFT payment method in strict accordance with Franchisor's instructions shall constitute a material Default of this Agreement.

4.5.2 If Franchisee is delinquent more than two (2) times in any continuous twelve (12) month period during the Term in the payment of Royalty Fees or other fees, or of other sums due to Franchisor, or to its Affiliates, or fails to report its Gross Revenue on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor which shall permit Franchisor unilaterally to estimate and draw down the amounts owed by Franchisee, which system may include automatic debits, use of Franchisee pre-authorized checks, other instruments or authority or any other arrangement Franchisor may prescribe. Franchisor may base its estimates of Royalty Fees and similar payments which are calculated based on Franchisee's historically reported Gross Revenue. Franchisee shall promptly implement the system in strict accordance with Franchisor's instructions and failure to do so shall constitute a material Default of this Agreement.

4.6 Gross-Up Fees. To ensure that Franchisor receives the full Royalty Fee to which Franchisor may be entitled, as the amount thereof may vary from time to time, Franchisee shall pay Franchisor, upon demand,

whether in arrears, in advance, in a lump sum or in the same manner as Royalty Fees are paid to Franchisor, the amount of all taxes paid by Franchisor to any Governmental Authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the Governmental Authority's domain during each of Franchisor's fiscal years throughout the entire Term.

4.7 Application of Fees. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, interest or any other indebtedness, in the amounts and in the order as Franchisor shall determine.

4.8 Security Interest. Franchisee and the Owners hereby grant Franchisor a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the WRTS Kid's Gym, now or hereafter acquired by Franchisee, together will all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of the assets, all rights of Franchisee to use the WRTS Marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the WRTS Marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code financing statements and other documents naming Franchisee and the Owners as debtors that may be necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. If Franchisee is in Good Standing under this Agreement and all other agreements between Franchisee and Franchisor or its Affiliates, Franchisor and its Affiliates shall, upon request of Franchisee, execute a written subordination of its security interest to lenders providing equipment or other financing for the WRTS Kid's Gym. If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest. In that event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest.

5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS

5.1 Franchised Location. Franchisee shall operate the WRTS Kid's Gym only at the address set forth on Exhibit A attached to this Agreement (the "Franchised Location"). If the Franchised Location has not been acquired by Franchisee by the Effective Date, Franchisee shall execute a Lease for the Franchised Location with a third party Landlord within ninety (90) days following the Effective Date. Promptly following the Effective Date, Franchisee shall locate one or more proposed sites which meet Franchisor's Then-Current standards and specifications. Franchisee shall submit to Franchisor all demographic and other information regarding the proposed sites and its neighboring areas that Franchisor shall require, in the form prescribed by Franchisor (the "Site Review Request"). If Franchisor does not deliver written notice to Franchisee that Franchisor accepts or rejects a proposed site within ten (10) days of receipt of Franchisee's Site Review Request or receipt of any additional requested information, whichever is later, the site shall be deemed rejected. Franchisor may voluntarily (without obligation) assist Franchisee in selecting an acceptable site for the Franchised Location. Franchisee acknowledges its sole responsibility for finding the Franchised Location.

5.1.1 If Franchisor accepts the proposed site, Franchisor shall notify Franchisee of its preliminary acceptance of the site (the "Preliminary Acceptance"), which Preliminary Acceptance shall be subject to further analysis by Franchisor and the successful negotiation by Franchisee of a final Lease for the site

acceptable to Franchisor, and other conditions that Franchisor may impose. Promptly following the Effective Date or Franchisee's receipt of a Preliminary Acceptance, Franchisee shall negotiate a Lease and shall submit a copy of the proposed Lease to Franchisor for approval at least fifteen (15) days before Franchisee signs the Lease to allow Franchisor to confirm that the provisions set forth in Section 5.1.2 have been included in the proposed Lease and that the Landlord and Franchisee have executed a Collateral Assignment of Lease in the form attached as Exhibit E. Franchisee shall not create any obligations on Franchisor's behalf or grant the Landlord any rights against Franchisor, or agree to any term, condition or covenant in the Lease which is inconsistent with any provision of this Agreement.

5.1.2 The Lease shall provide, unless Franchisor otherwise consents in writing prior to the execution of the Lease that (i) the Lease may not be amended, assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and or extend the term of the Lease; (iii) upon Franchisee's Default under the Lease, the Landlord shall notify Franchisor in writing at least fifteen (15) days prior to the termination or non-renewal of the Lease; (iv) Franchisor shall have an option to assume the Lease upon the termination or expiration of the Lease for any reason by giving written notice of the election to Franchisee and the Landlord; (v) Franchisee shall have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to Franchisor, or any franchisee or licensee approved by Franchisor; (vi) Franchisor shall have the right to enter the Franchised Location to remove all of the WRTS Marks from the Franchised Location and modify the décor of the Franchised Location so that it no longer resembles, in whole or in part, an WRTS Kid's Gym if Franchisee fails to do so, and (vii) upon any renewal of the Lease, Franchisor will cooperate with the Landlord will cooperate r and use reasonable best efforts to adjust the expiration dates of both the renewal Lease and this Agreement or Renewal Franchise Agreement, as applicable, so that the term of the renewal Lease will expire contemporaneously with the expiration of the Term of this Agreement or Renewal Franchise Agreement, as applicable.

5.1.3 Promptly following Franchisor's receipt of evidence of Franchisee's satisfaction of all conditions set forth in the Preliminary Acceptance, Franchisor shall notify Franchisee of its final acceptance of the site (the "Final Acceptance"). Franchisee shall not enter into any Lease for the Franchised Location unless and until Franchisee has received a Final Acceptance from Franchisor for the proposed site. Franchisee shall provide Franchisor with a fully signed copy of the Lease within fifteen (15) days after the Lease is signed by the Landlord and Franchisee. Following Franchisee's execution of the Lease for the Franchised Location, the Parties shall complete and execute an addendum to Exhibit A to identify the Franchised Location.

5.2 Construction. Following the Effective Date and before the renovation or construction of the WRTS Kid's Gym, Franchisor shall provide Franchisee with Franchisor's specifications for the design and layout of the WRTS Kid's Gym and the required fixtures, equipment, furnishings, décor, trade dress, and signs. Franchisee shall at its sole cost and expense promptly cause the Franchised Location and the WRTS Kid's Gym to be constructed, equipped and improved in accordance with these standards and specifications, unless Franchisor shall, in writing, agree to any modifications thereof. Franchisee shall employ architects and general contractors of its own selection, and at its sole cost and expense, to prepare architectural, engineering and construction drawings and site plans, and to obtain all permits required to construct, remodel, renovate and/or equip the Franchised Location and the WRTS Kid's Gym. All plans, and modifications and any revisions thereto, shall be submitted to Franchisor for its prior review and acceptance before Franchisee's commencement of construction. Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits and clearances, including, but not limited to, certificates of occupancy and mall clearances and fire and health department approvals, which may be required by Federal, state or local laws, ordinances or regulations. Franchisee shall certify in writing to Franchisor that all classifications, permits and clearances have been obtained. Franchisee shall also take reasonable steps to ensure that the Franchised

Location complies with all applicable requirements of the Americans with Disabilities Act. Franchisee shall provide Franchisor with written notice to Franchisor of the date construction commences within seven (7) days after commencement and shall thereafter provide Franchisor with regular updates regarding the status of the construction of the WRTS Kid's Gym.

5.3 Open For Business. Franchisee shall, at its expense, complete construction (including all exterior and interior carpentry, electrical, plumbing, heating, ventilation, air conditioning, painting and finishing work, and installation of all furniture, fixtures, equipment and signs) in accordance with the final plans and construction schedule approved by Franchisor. Franchisee shall deliver a fully executed copy of an approved Lease to Franchisor within ninety (90) days after the Effective Date and shall Open the WRTS Kid's Gym for business within one hundred eighty (180) days after the Effective Date, or, if the WRTS Kid's Gym is subject to an Area Development Agreement between Franchisor and Franchisee, within the Development Period set forth in the Area Development Agreement, subject only to Force Majeure. Franchisee shall notify Franchisor of the anticipated construction completion date and, within a reasonable time after construction is completed, Franchisor shall have the right, but not the obligation, to conduct a final inspection of the WRTS Kid's Gym. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not Open the WRTS Kid's Gym without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans and Franchisor's standards and completion of the Initial Training Program required by Franchisor and Franchisee's compliance with staffing and other requirements set forth in the Manuals and applicable to the operations of the WRTS Kid's Gym. Franchisee shall Open the WRTS Kid's Gym for business following receipt of a certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to Open.

5.4 Relocation. To protect the WRTS System, the WRTS Marks, the WRTS Proprietary Programs and the goodwill associated with the same, Franchisee may not relocate the WRTS Kid's Gym without Franchisor's prior written consent. Franchisee shall pay Franchisor a Relocation Fee when Franchisee requests Franchisor's consent to a relocation of the WRTS Kid's Gym. If Franchisor consents to any relocation, Franchisee shall de-identify the former Franchised Location in the manner described in this Agreement and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the WRTS Kid's Gym during the Term, Franchisee shall have one hundred eighty (180) days from the date of Franchisor's approval of the new Franchised Location to secure the new Franchised Location and to Open and operate the WRTS Kid's Gym at the new Franchised Location. Once Franchisee has identified the new Franchised Location, Franchisor has approved it, and the Lease has been submitted to Franchisor to allow Franchisor at least fifteen (15) days to confirm that the provisions set forth in Section 7.12 have been included in the proposed Lease and/or that the Landlord and Franchise have executed a Collateral Assignment of Lease in the form attached as Exhibit E. Franchisor will prepare an addendum to Exhibit A and provide it to Franchisee. If Franchisee fails to secure the new Franchised Location within one hundred eighty (180) days of the date of Franchisor's approval of the new Franchised Location, Franchisor, in its discretion, may terminate this Agreement.

6. OBLIGATIONS OF FRANCHISOR

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

6.1 Pre-Opening Initial Training Program. Prior to the Opening Date of the WRTS Kid's Gym, Franchisor shall provide an Initial Training Program in the WRTS System and methods of operation at Franchisor's training facilities in Franchisor's corporate office, Affiliate-owned WRTS Kid's Gym located in Tarzana, California, or Boca Raton, Florida, or remotely via Skype or FaceTime. During the Initial Training Program, Franchisor shall disclose the WRTS System and the WRTS Proprietary Programs and requirements to Franchisee, which may be changed and/or supplemented from time to time during the Term. The Initial Training Program shall not be provided by Franchisor if (i) Franchisee or any Affiliate of Franchisee owns or operates a WRTS Kid's Gym as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however, the Initial Training Program will be structured to provide practical training in the implementation and operation of a WRTS Kid's Gym. Franchisor shall provide the training, instructors, Manuals and other materials without charge for up to two (2) supervisorial or managerial personnel of Franchisee selected by Franchisee, which must include the Principal Owner and General Manager. Franchisor shall, in its sole discretion, select the time and location of the Initial Training Program.

6.2 Post-Opening On Site Opening Assistance. For Franchisee's first WRTS Kid's Gym, Franchisor will provide on-site training and assistance for up to seven (7) days after Franchisee's WRTS Kid's Gym Opens to the public at no additional cost to Franchisee. On-site opening assistance shall not be provided by Franchisor if Franchisee or any Affiliate of Franchisee owns or operates a WRTS Kid's Gym as of the Effective Date; or this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall select the representatives who will provide the on-site training and the length of time that on-site training will be provided.

6.3 Post-Opening Initial Training Programs. Following the Opening Date of the WRTS Kid's Gym, Franchisor may, at Franchisee's request and at Franchisor's discretion, provide additional Initial Training Programs ("Post-Opening Initial Training Programs") for new or replacement supervisorial or managerial personnel of Franchisee, subject to the availability of Franchisor's personnel. Franchisor shall, in Franchisor's sole discretion, select the time and location of all Post-Opening Initial Training Programs.

6.4 Post-Opening Additional Training Programs. If Franchisor determines it to be necessary, Franchisor may provide Franchisee or Franchisee's supervisorial or managerial employees with additional training programs ("Additional Training Programs") subject to the availability of Franchisor's personnel. Franchisor shall, in Franchisor's sole discretion, select the time and location of all Additional Training Programs.

6.5 Manuals. Franchisor shall loan one (1) copy of the Manuals to Franchisee during the Term, which may include audio, video, compact disks, computer software, other electronic media and/or written materials. At Franchisor's option, Franchisor may post some or all of the Manuals on a restricted Website, intranet, or extranet to which Franchisee will have access. Franchisor may, from time to time in its sole discretion, revise the Manuals to incorporate changes to the WRTS System and/or the WRTS Proprietary Programs. The Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement.

6.6 Post-Opening Consultation. Following the Opening Date of the WRTS Kid's Gym, Franchisor may provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention including, without limitation, mandatory and recommended specifications, standards and operating procedures of the WRTS System. Franchisor's consultation and advice may be provided by telephone, in writing, electronically, in person, or by other means. Franchisee acknowledges and agrees that the results of Franchisee's efforts to operate a WRTS Kid's Gym rests solely with Franchisee. Franchisor may make recommendations that it deems

appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the WRTS Kid's Gym for which Franchisor has not established WRTS Approved Suppliers.

6.7 Post-Opening Inspections and Evaluations. Franchisor's authorized representatives shall have the right, but not the obligation, from time to time, to enter the WRTS Kid's Gym during business hours, to examine the WRTS Kid's Gym, to confer with Franchisee's supervisorial and managerial personnel, inspect and check operations, furnishings, interior and exterior décor, supplies, fixtures and equipment, and determine whether the WRTS Kid's Gym is being operated in accordance with this Agreement, the WRTS System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the WRTS Kid's Gym during an inspection.

6.8 Virtual Training, Assistance and Inspections. Franchisor may provide any or all portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, pre and post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by Franchisor.

6.9 Merchandise, Supplies and Suppliers. Franchisor shall provide Franchisee with a list of the WRTS Approved Suppliers for the construction, equipping and operation of the WRTS Kid's Gym following the Effective Date and shall further provide Franchisee with updated lists of the WRTS Approved Suppliers periodically during the Term. Franchisor and its Affiliates may be Approved Suppliers of certain WRTS Kid's Gym merchandise and supplies to be purchased by Franchisee ("WRTS Merchandise and Supplies"), and may designate themselves as the sole suppliers of certain WRTS Merchandise and Supplies.

6.10 Assignment. Upon the occurrence of an Assignment, the Proposed Buyer must be trained by Franchisor as a condition to the granting of Franchisor's consent to the Assignment. All costs for this training shall be included in the Transfer Fee payable by Franchisee in accordance with Section 13.4.7.

6.11 Franchisor's Rights In Fulfilling Obligations. In fulfilling its obligations to Franchisee pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor and its Affiliates shall have the right (i) to take into account, as Franchisor sees fit, the effect on and the interests of other WRTS Kid's Gyms in which Franchisor has an interest and on Franchisor's and its Affiliates' own activities; and (ii) to share market and product research, and other proprietary and non-proprietary business information, with other WRTS Kid's Gyms in which Franchisor has an interest, or with Franchisor's Affiliates. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee or agent of Franchisor, as Franchisor may direct.

6.12 Responsibility of Franchisee. Notwithstanding the provisions of this Article 6, Franchisee shall be and remain responsible for the day-to-day operation of the WRTS Kid's Gym at all times and shall hold Franchisor, its Affiliates, and their respective directors, officers, employees and agents, harmless therefrom. Franchisee shall not look to Franchisor for performance of regular operational duties.

6.13 Toll Free Telephone Number. Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If Franchisor establishes a toll

free number, Franchisee shall comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Manuals or otherwise in writing

7. OBLIGATIONS OF FRANCHISEE

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

7.1 Importance of the WRTS Kid's Gym Standards. Franchisee acknowledges and agrees that every detail of the WRTS Proprietary Programs, the WRTS System and the WRTS Kid's Gym is essential to Franchisee, Franchisor, and other WRTS Kid's Gym franchisees in order to: (i) develop and maintain quality operating standards; (ii) increase the demand for the WRTS Proprietary Programs, WRTS Kid's Gyms and other related services and merchandise sold by all franchisees operating under the WRTS Proprietary Programs and the WRTS System; and (iii) protect Franchisor's reputation and goodwill. Franchisee shall maintain Franchisor's high standards with respect to facilities, services, merchandise and operations.

7.2 Use of Franchised Location. Franchisee shall utilize the Franchised Location solely for the operation of the WRTS Kid's Gym; shall keep the WRTS Kid's Gym Open and in normal operation for the minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing; and shall refrain from using or permitting the use of the Franchised Location for any other purpose or activity. The WRTS Marks, any Internet domain names, URLs, copyrights, toll-free "1-800", "1-888" and "1-877" telephone numbers or other like toll-free telephone numbers which may be utilized by Franchisor, or its Affiliates, and their mnemonics and other identifying marks constituting a part of the WRTS Proprietary Programs, now or in the future, shall be used solely in connection with the operation of the WRTS Kid's Gym at the Franchised Location. Nothing contained in this Agreement shall be construed to authorize or permit the use by Franchisee of the WRTS Proprietary Programs or the WRTS Marks, any Internet domain names, URLs, toll-free "1-800", "1-888" or "1-877" telephone numbers, or any confusingly similar imitations of the same, at any location other than the Franchised Location, on the World Wide Web section of the Internet or for any other purpose whatsoever.

7.3 Adherence to WRTS Kid's Gym Standards. To ensure that the highest degree of quality and service is maintained, Franchisee shall continuously operate the WRTS Kid's Gym throughout the Term in compliance with the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gym, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System that Franchisee must comply with under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the WRTS Kid's Gym, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control over the day-to-day operations of the WRTS Kid's Gym consistent with the policies of Franchisor. Franchisee shall comply with Franchisor's standards and shall operate the WRTS Kid's Gym in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Franchisee shall refrain from: (i) deviating from the standards, specifications and procedures without Franchisor's prior written consent; and (ii) otherwise operating in any manner which reflects adversely on the WRTS Proprietary Programs or the WRTS Marks. Without limiting the generality of the foregoing, Franchisee agrees:

7.3.1 That Franchisee shall treat all information contained in the Manuals as Confidential Information and shall use all reasonable efforts to keep the information confidential. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make them available to any Person not required to have access to their contents in order to carry out their employment functions. Franchisee shall comply with all mandatory requirements now or hereafter included in the Manuals, and acknowledges and agrees that a Default under any mandatory requirement of the Manuals shall constitute a Default under this Agreement and grounds for termination. Franchisee shall ensure that its copy of the Manuals is kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling.

7.3.2 To sell and offer for sale only the authorized services and merchandise that meet Franchisor's uniform standards of quality, as have been expressly approved for sale in writing by Franchisor under the specific name designated by Franchisor.

7.3.3 To sell and offer for sale all authorized services and merchandise required by Franchisor in the Manuals or otherwise in writing as being part of the WRTS Proprietary Programs, or discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time.

7.3.4 To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, décor, signs and other items as Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing in accordance with Franchisor's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications.

7.3.5 That all brochures, advertisements, containers, bags, packaging and other like articles used in connection with the WRTS Kid's Gym shall conform to Franchisor's specifications, shall be imprinted with the WRTS Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a distributor or manufacturer approved in writing by Franchisor (which may include Franchisor or its Affiliates), as provided in Section 7.4, which approval will not be unreasonably withheld.

7.4 Pre-Opening Initial Training Program. Franchisee's Principal Owner and General Manager shall attend and complete the Initial Training Program to Franchisor's satisfaction before the WRTS Kid's Gym Opens for business. Franchisee shall not commence operation of the WRTS Kid's Gym until the Initial Training Program has been completed. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage a WRTS Kid's Gym, Franchisor, in its sole discretion, shall determine if Franchisee, the Principal Owner, the General Manager and/or other supervisorial or managerial personnel have satisfactorily completed the Initial Training Program. Franchisee will be responsible for any and all expenses incurred in connection with attendance at training including the costs of transportation, lodging, meals, and any wages. Prior to the Opening Date, Franchisee's Principal Owner and General Manager shall each show evidence of prior certification as a Registered Behavior Technician ("RBT"), or successfully complete training to become certified as an RBT ("RBT Certification Training") with WRTS Approved Suppliers of RBT Certification Training. The RBT Certification Training shall consist of 40 hours of online training, completion of a competency assessment and passing an exam. Franchisor shall bear the expense of RBT Certification Training for Franchisee's Principal Owner and General Manager; however, Franchisee shall be responsible for the payment of any fees incurred subsequent to RBT Certification Training to renew or maintain RBT certification status.

7.5 Post-Opening Initial Training Programs. Following the Opening Date of the WRTS Kid's Gym, Franchisee may request and Franchisor may, in its discretion, provide Post-Opening Initial Training Programs for new or replacement supervisorial or managerial personnel of Franchisee.

7.6 Post-Opening Additional Training Programs. Following the Opening Date of the WRTS Kid's Gym, the Principal Owner and each General Manager or other supervisorial or managerial personnel of Franchisee shall attend Additional Training Programs as required by Franchisor. Franchisee shall pay Franchisor a fee of $250 per day for each of Franchisor's representatives who provides Additional Training Programs (a "Post-Opening Additional Training Fee") to defray Franchisor's direct costs to provide the Additional Training Programs. In addition, Franchisee shall arrange and pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at the Additional Training Programs. Franchisee will be responsible for any and all expenses incurred in connection with attendance at training including the costs of transportation, lodging, meals, and any wages.

7.7 Post-Opening Inspections. Following the Opening Date of the WRTS Kid's Gym, if any inspection of the WRTS Kid's Gym by Franchisor indicates any deficiency or unsatisfactory condition at the WRTS Kid's Gym, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the WRTS Kid's Gym within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, a fee of $500 for each re-inspection of the WRTS Kid's Gym and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation food and lodging.

7.8 Virtual Training, Assistance and Inspections. Franchisor may provide any or all portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, pre and post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by Franchisor.

7.9 POS System; Computer Hardware and Software and Sound System. Franchisee shall purchase, use and maintain a computerized point of sale cash collection system (the "POS System"), a back office computer and printer, including all related hardware and software, cameras and a DVR, televisions, and a sound system, each as specified in the Manuals or otherwise by Franchisor in writing for the WRTS Kid's Gym. The POS System shall at all times be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and accessing the Internet for ordering and maintaining the POS System. The POS System shall be electronically linked to Franchisor, and Franchisee shall allow Franchisor to poll the POS System on a daily or other basis at the times and in the manner established by Franchisor, with or without notice, and to retrieve transaction information including sales and other operations data that Franchisor deems appropriate. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware and/or software, from time to time, upon written notice, provided that Franchisee shall not be required to replace the POS System any more frequently than once every three (3) years. In addition, Franchisee shall purchase, lease or license all computer hardware and software designated by Franchisor for the WRTS Kid's Gym at Franchisee's expense. During the Term, Franchisee shall maintain and update all computer hardware and software as required by Franchisor.

7.10 Purchases of Services, Merchandise, Equipment, Supplies and Materials. Franchisee shall purchase all services, merchandise, equipment, supplies and materials used or sold by the WRTS Kid's Gym, solely from WRTS Approved Suppliers. Franchisee acknowledges and agrees that Franchisor, and its Affiliates, may negotiate purchase arrangements with suppliers for Franchisee's benefit and may derive revenue or obtain

rebates, bulk pricing discounts or allowances for their own account from approved or designated suppliers if rebates or other considerations become available because of Franchisee's purchases of services or merchandise. If Franchisee desires to purchase services or merchandise from other than WRTS Approved Suppliers, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with the evidence of conformity with Franchisor's specifications as Franchisor may reasonably require, or shall request the supplier itself to do so. Franchisor may require Franchisee or the proposed supplier to reimburse Franchisor for all of Franchisor's actual costs in reviewing the application of the proposed and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the proposed supplier's facilities, equipment, and products, and all product testing costs paid by Franchisor to third parties. At Franchisor's request, Franchisee shall pay Franchisor, in advance, a deposit of up to $1,000, before Franchisor begins any inspection. Franchisor shall notify Franchisee of Franchisor's decision to approve or disapprove a proposed supplier within sixty (60) days after Franchisor's receipt of the necessary information from Franchisee. Franchisor may from time to time re-inspect and re-evaluate the facilities and merchandise of any WRTS Approved Supplier and revoke its general approval of particular services, merchandise or suppliers when Franchisor determines, in its sole discretion, that the services, merchandise or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of revocation, Franchisee shall cease to sell any disapproved services, merchandise and cease to purchase from any disapproved supplier.

7.11 Purchases from Franchisor or its Affiliates.

7.11.1 All WRTS Merchandise and Supplies purchased from Franchisor, or its Affiliates, shall be purchased in accordance with the purchase order format issued from time to time by Franchisor, the current form of which shall be set forth in the Manuals. Franchisor or its Affiliates may change the prices, delivery terms and other terms relating to its sale of WRTS Merchandise and Supplies to Franchisee on prior written notice, provided, that the prices shall be the same as the prices charged to similarly situated WRTS Kid's Gym franchisees and which shall be reasonable based upon the costs associated with the WRTS Merchandise and Supplies. Franchisor, or its Affiliates in its discretion, may discontinue the sale of any WRTS Merchandise and Supplies at any time if in Franchisor's or its Affiliates judgment its continued sale becomes unfeasible, unprofitable or otherwise undesirable. All merchandise orders by Franchisee shall be subject to acceptance by Franchisor at Franchisor's designated offices, and Franchisor reserves the right to accept or reject, in whole or in part, any order placed by Franchisee.

7.11.2 Each order placed by Franchisee, whether oral or written, for any WRTS Merchandise and Supplies shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of the order conflicts with any term or condition of this Agreement, and shall include the information as Franchisor may from time to time specify, and shall be submitted on the form of purchase order as may be prescribed by Franchisor from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor, nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Franchisor unless the term or condition shall have been expressly accepted by Franchisor in writing.

7.11.3 Franchisor or its Affiliates shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of WRTS Merchandise and Supplies caused by Force Majeure or other events or circumstances beyond Franchisor's reasonable control including events such as labor or material shortages, conditions of supply and demand, import/export restrictions or disruptions in Franchisor's supply sources. Franchisor or its Affiliate shall not be liable to Franchisee for unavailability of, or delay in shipment

or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor or its Affiliate. If any goods or products sold by Franchisor or its Affiliate are not in sufficient supply to fully fulfill all orders, Franchisor or its Affiliate may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Franchisor or its Affiliate deems appropriate, which may result in Franchisee not receiving any allocation of certain goods or products as a result of a shortage.

7.11.4 On the expiration or termination of this Agreement, or in the event of any Default by Franchisee of this Agreement, Franchisor or its Affiliates shall not be obligated to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee, and Franchisor may notify its WRTS Approved Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct the suppliers to deliver only the quantity of supplies or merchandise as is reasonably necessary to supply Franchisee's needs prior to the Expiration Date or termination date of this Agreement.

7.12 Maintenance of Franchised Location. Franchisee shall maintain the Franchised Location (including adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make the additions, alterations, repairs and replacements under this Agreement (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, the periodic repainting, repairing and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment and décor as Franchisor may reasonably direct by written notice to Franchisee. Franchisee shall complete all work specified in any notice within the time frame Franchisor may reasonably specify.

7.13 Re-Imaging of WRTS Kid's Gym. Franchisee shall, at its expense, make the alterations, additions or modifications to the WRTS Kid's Gym as Franchisor may reasonably require to accommodate changes made by Franchisor to the WRTS System. Franchisee shall have one hundred-eighty (180) days from receipt of notice from Franchisor regarding re-imaging requirements in which to make the required alterations, additions or modifications to the Franchised Location.

7.14 Refurbishment of WRTS Kid's Gym. At Franchisor's request, but not more often than once every thirty (30) months, and in addition to any work which Franchisee may undertake pursuant to other Sections of this Agreement, Franchisee shall refurbish the WRTS Kid's Gym, at its expense, to conform to the building design, trade dress, color schemes and presentation of the WRTS Marks in a manner consistent with the Then-Current public image for new or remodeled WRTS Kid's Gyms, including, without limitation, replacement or renovation of equipment; remodeling, redecoration and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by Applicable Law. The cost to Franchisee for the refurbishment of the WRTS Kid's Gym shall not exceed $20,000 for refurbishment of the interior of the WRTS Kid's Gym and shall not exceed $10,000 for refurbishment of the exterior of the WRTS Kid's Gym, plus an annual increase in each of these amounts at the anniversary of the Effective Date, by an amount equal to the percentage increase in the Consumer Price Index, all Urban Consumers, published by the U.S. Department of Labor Statistics or any successor Index, for the metropolitan area surrounding the Franchised Location for the period most comparable to the yearly anniversary date.

7.15 Franchisee Employee Policy; Uniforms and Employee Appearance.

7.15.1 After the WRTS Kid's Gym has Opened to the public, Franchisee shall maintain a competent, conscientious and trained staff, and shall take the steps as are necessary to ensure that its employees preserve

good customer relations; render competent, prompt, courteous and knowledgeable service; and meet the minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. Franchisee shall conduct background checks of each individual employed at the WRTS Kid's Gym, together with any other checks required by Applicable Law through a reputable investigative company and in accordance with all legal requirements. Franchisee is responsible for adequately training its employees according to the specific guidelines in the Manuals and ensuring that they are competent and of good character and comply with all statutory requirements to work with children. The WRTS Kid's Gym shall be under the direct control of a General Manager in the absence of Franchisee or the Principal Owner. Following the Opening Date of the WRTS Gym, Franchisee shall provide comprehensive initial training programs, additional training programs for its supervisorial and managerial personnel and other employees and shall ensure that the WRTS Gym is at all times under the direct control of supervisorial or managerial employee trained by Franchisee and solely dedicated to operation of the WRTS Kid's Gym and other employees who have been fully trained by Franchisee and solely dedicated to operation of the WRTS Kid's Gym. If Franchisee, or its Affiliates, own and operate multiple WRTS Kid's Gyms, Franchisor may require, in its sole discretion, Franchisee to employ a General Manager to be responsible for the oversight of operations at all WRTS Kid's Gyms owned and operated by Franchisee, or its Affiliates.

7.15.2 All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify Franchisee's supervisorial or managerial personnel for qualification to perform certain functions at the WRTS Kid's Gym does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the WRTS Kid's Gym, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall indemnify, defend, reimburse and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions of the WRTS Kid's Gym, including, without limitation, those relating to hiring, firing, training, wages and hour requirements, record keeping, supervision, and discipline of employees.

7.15.3 Franchisee shall cause all employees, while working in the WRTS Kid's Gym, to: (i) wear uniforms of the color, design and other specifications as Franchisor may designate from time to time; and (ii) present a neat and clean appearance. If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have ninety (90) days from receipt of written notice of the removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform.

In no case shall any employee of Franchisee wear his or her WRTS Kid's Gym uniform while working for Franchisee at any location other than the WRTS Kid's Gym or off-site at a WRTS Kid's Gym event.

7.16 Modification to the WRTS Proprietary Programs and WRTS System. Franchisee shall not implement any modification to the WRTS Proprietary Programs or the WRTS System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any proposed modification, and shall provide to Franchisor the information as Franchisor requests regarding the modification. Franchisor shall have the right to incorporate the modification into the WRTS Proprietary Programs and the WRTS System without compensation to Franchisee.

7.17 Lease and Other Agreements. Franchisee shall comply with all terms of its Lease with the Landlord for the Franchised Location and all other agreements affecting the operation of the WRTS Kid's Gym and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of or to renew the Lease for the Franchised Location.

7.18 Prices for the WRTS Proprietary Programs and Merchandise. Subject to Applicable Law, following the Opening Date of the WRTS Kid's Gym, Franchisor shall have the right to establish pricing guidelines for the services and products sold at the WRTS Kid's Gym and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to Applicable Law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for WRTS Kid's Gyms and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide services and products designated by Franchisor on terms Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the WRTS Kid's Gym except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

7.19 Participation in Programs. Franchisee shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, promotional programs which may be developed and implemented by Franchisor which call for the cooperation of Franchisee and other franchisees of Franchisor and shall further cooperate in any additional programs which may be established and designated by Franchisor from time to time including participating in market research programs, the test-marketing of new merchandise and other similar programs, and shall purchase a reasonable quantity of new merchandise for test-marketing, promote the sale of the tested merchandise and provide Franchisor with timely reports and test results of the programs for its review, analysis and compilation.

7.20 Notification of Investigation or Violation. Franchisee shall notify Franchisor by telephone within twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, concerning any health, liquor or narcotics laws or regulations, and notify Franchisor in writing within five (5) days of the commencement of any investigation, action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the WRTS Kid's Gym.

7.21 Signs. Franchisee shall maintain approved signs and/or awnings at, on or near the front of the WRTS Kid's Gym, identifying the Franchised Location as a WRTS Kid's Gym For All Kids, which shall conform in all

respects to Franchisor's specifications and requirements and the layout and design plan approved for the Franchised Location as set forth in the Manuals or as otherwise specified by Franchisor, subject only to restrictions imposed by Applicable Law. On receipt of notice by Franchisor of a requirement to alter any existing sign on the WRTS Kid's Gym, Franchisee will, at Franchisee's cost, make the required changes within sixty (60) days, subject to the approval of the Landlord if required by Franchisee's Lease.

7.22 Compliance with Applicable Laws. Franchisee shall meet and maintain the highest standards and ratings applicable to the operation of the WRTS Kid's Gym, and shall timely obtain any and all permits, certificates or licenses necessary for the lawful operation of the WRTS Kid's Gym including, without limitation, licenses to do business, fictitious name registration, sales tax permits, certificate of occupancy, health permits and fire clearances. Franchisee shall operate the WRTS Kid's Gym as a clean, orderly, legal and respectable place of business in accordance with Franchisor's policies and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of the WRTS Kid's Gym or the Franchised Location to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action which will cause Franchisor to be in violation of any Applicable Law. If Franchisee shall receive any notice, report, fine, test results or the like from any Governmental Authority, Franchisee shall promptly send a copy of the same to Franchisor.

7.23 Vending or Other Machines. Except as provided in the Manuals or previously approved in writing by Franchisor, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

7.24 Co-Branding. Franchisee may not engage in any Co-Branding in or in connection with the WRTS Kid's Gym except with Franchisor's prior written consent. Franchisor shall not be required to approve any Co-Branding chain or arrangement except in its discretion, and only if Franchisor has recognized that Co-Branding chain as an approved Co-Brand for operation within WRTS Kid's Gyms.

7.25 Intranet. Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have sole and absolute discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

7.25.1 If Franchisor establishes an Intranet, Franchisee shall only have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things: (i) the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) communications between or among WRTS Franchisees that endorse or encourage Defaults of any WRTS Franchise Agreement, or other agreement with Franchisor, or its Affiliates; (iii) confidential treatment of materials that Franchisor transmits via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any Person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that

are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other Person may assert.

7.25.2 Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

7.25.3 If Franchisee shall Default under this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

7.26 Improvements. If Franchisee develops any new concept, process or improvement in the WRTS System (an "Improvement"), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights. Franchisee hereby assigns to Franchisor any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and Franchisee waives and/or releases all rights of restraint and moral rights therein and thereto. Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing the rights. Franchisee hereby irrevocably designates and appoints Franchisor as Franchisee's agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any Improvement. If the foregoing provisions of this Section 7.26 are found to be invalid or otherwise unenforceable, Franchisee hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the Improvement to the extent the use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

7.27 Authorization to Release Information and Use Images. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect the authorization) (i) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other Persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the WRTS Kid's Gym which Franchisor may request; (ii) Franchisee further authorizes Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable; (iii) Franchisor to photograph and film Franchisee, its employees, the public and all areas of the Franchised Location, without further authorization from, or compensation to, Franchisee and to use their images for marketing and promotion of the Franchised Location, other WRTS Kid's Gyms and franchises for WRTS Kid's Gyms(iv) Franchisor to disclose to third parties, including but not limited to Franchisee's Landlord or bank, information about Franchisee relating to Franchisee's obligations or performance under this Agreement if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable.

7.28 Adequate Reserves and Working Capital. Franchisee shall, at all times, maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee's obligations under this Agreement and to cover the risks and contingencies of the WRTS Kid's Gym for at least one hundred eighty (180) days.

7.29 Atak Interactive. Franchisee shall establish and maintain throughout the Term an account with Atak Interactive, or its successors, to permit Franchisee to participate in approved social media marketing. Franchisor reserves the right to change its required vendor for related social media marketing, or the services Franchisor requires Franchisee to obtain, at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor, or obtain new or additional services, immediately upon notice from Franchisor. Franchisor shall pay the costs for website maintenance prior to the Opening Date of the WRTS Kid's Gym. Thereafter, Franchisee shall pay all costs related to maintenance of Franchisee's Atak account and any ongoing fees for any services Franchisee choses to receive from Atak Interactive.

7.30 ScreenCloud. Franchisee shall purchase and install, at Franchisee's sole expense, one 1080-HD video monitor and all other equipment necessary, as determined by Franchisor, in its sole determination, to receive social media feeds from ScreenCloud, or its successors, at the WRTS Kid's Gym. Franchisee must continuously display the ScreenCloud social media feeds at the WRTS Kid's Gym, except as otherwise directed by Franchisor. Franchisor may, from time to time, modify the vendor and video monitoring and ancillary equipment requirements for the vendors and video monitors and all ancillary equipment that Franchisee must purchase and install at the WRTS Kid's Gym, and Franchisee must comply with the modifications immediately upon written notice from Franchisor to do so. Franchisor does not currently require Franchisee to pay it a monthly fee of $20 on the 10th day of each month for the right to receive the ScreenCloud feed, but may do so in the future. Franchisor reserves the right to discontinue the ScreenCloud feed at any time and for any reason, in Franchisor's sole discretion, without any liability to Franchisee. Franchisee shall immediately remove any monitors or other equipment for ScreenCloud from the WRTS Kid's Gym immediately upon notice from Franchisor to do so. All costs related to providing the ScreenCloud feed to the WRTS Kid's Gym, as they may change from time to time, shall be borne by Franchisee.

7.31 Email and Hosted Exchange Server Account. Franchisee shall establish an email and hosted exchange server account with INC Technologies, or its successors, at Franchisee's expense. Franchisor reserves the right to change its required vendor for email and hosted exchange service at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor immediately upon notice by Franchisor.

7.32 MindBody. Franchisee shall use certain business management services (the "Purchased Services"), which are currently provided by MindBody, Inc., throughout the Term. Upon the execution of this Agreement, Franchisee and Franchisor shall enter into the Purchased Services Compliance and Indemnity Agreement (the "Purchased Services Agreement") with respect to the Purchased Services. Any Default by Franchisee under the Purchased Services Agreement shall constitute a Default under this Agreement. In addition, Franchisee shall use (i) Mindbody's credit card processing system to process Franchisee's credit card transactions at a current cost of $98 per month; and (ii) Mindbody's mobile devise application which will allows Franchisee's customers to book and purchase WRTS services on mobile devices at a current cost of $60 per month. Franchisor reserves the right to modify the Purchased Services, change the vendors of the Purchased Services, the credit card processing system and/or the mobile device application and discontinue providing the Purchased Services at any time without notice to Franchisee. Franchisee must comply with the modifications or discontinue Franchisee's use of the Purchased Services immediately upon written notice from Franchisor to do so.

7.33 Constant Contact. Franchisee shall establish and maintain throughout the Term an account with Constant Contact, or its successors, at Franchisee's expense to permit Franchisee to participate in all marketing and promotional campaigns conducted by Franchisor. Franchisor reserves the right to change its required

vendor for marketing and social media software at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor immediately upon notice by Franchisor.

7.34 Rights of Franchisor. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation and use of the services described in Sections 7.29, 7.30, 7.31, 7.32 and 7.33, in Franchisor's sole discretion, if Franchisee is in Default under this Agreement, or any other agreement with Franchisor or Franchisor's Affiliates, Franchisor may disable or terminate right to use these services without prior notice and without any liability or recourse as against Franchisor, or its Affiliates, until the Default is cured.

7.35 Annual Franchise Conference. Franchisor may hold an Annual Franchise Conference for all WRTS franchisees each year. Franchisee shall pay Franchisor a $500 Franchise Conference Fee to cover the direct costs for the Annual Franchise Conference, whether or not Franchisee attends the Annual Franchise Conference.

7.36 Notifications and Crisis Management Events. Franchisee shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, safety or licensing laws or regulation related to the WRTS Kid's Gym;, and (ii) five (5) days of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of the WRTS Kid's Gym. Franchisee shall immediately inform Franchisor's Chief Executive Officer (or as otherwise instructed in the Manuals) by telephone of the occurrence of a Crisis Management Event. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

7.37 Credit Cards. Franchisee shall honor all credit, charge, courtesy and cash cards approved by Franchisor in writing. To the extent Franchisee shall store, process, transmit or otherwise access or possess cardholder data in connection with the operation of the WRTS Kid's Gym, Franchisee shall maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the Term. Franchisee shall be and remain responsible for the security of cardholder data in the possession or control of any subcontractors Franchisee engages to process credit cards. All subcontractors must be identified to and approved by Franchisor in writing prior to sharing cardholder data with the subcontractor. Franchisee shall, if requested to do so by Franchisor, provide appropriate documentation to Franchisor to demonstrate compliance with applicable PCI DSS requirements by Franchisee and all identified subcontractors.

7.38 WRTS Data. All data pertaining to the WRTS Kid's Gym and all data created or collected by Franchisee in connection with Franchisee's operation of the WRTS Kid's Gym, including, without limitation, data pertaining to, or otherwise concerning, the WRTS Kid's Gym's customers and other pertinent data about the WRTS Kid's Gym collected by Franchisee, including, without limitation, data uploaded to, or downloaded from Franchisee's computer system (collectively "WRTS Data") is WRTS Confidential Information and is the sole property of Franchisor. Franchisor shall have the right to review and use the WRTS Data in any manner that Franchisor deems appropriate without any compensation to Franchisee. Franchisee shall provide Franchisor with copies and/or originals of the WRTS Data within five (5) days after Franchisor's request for the WRTS Data at no cost to Franchisor and at any time during the Term and upon the expiration and/or termination of this Agreement. Franchisor hereby licenses use of the WRTS Data to Franchisee during the Term, at no cost, solely for Franchisee's use in the operation of the WRTS Kid's Gym. Franchisee shall maintain the WRTS Data as secret and confidential throughout the Term and shall not make any of the WRTS Data

available to any unauthorized Person without the prior written consent of Franchisor and then only in the manner permitted by Franchisor.

7.39 Data Security Safeguards. Franchisee shall exert Franchisee's best efforts to protect its customers against a cyber-event, including, without limitation, a data breach or other identity theft or theft of personal information (collectively, a "Cyber Event"). If a Cyber Event occurs, regardless of whether the Cyber Event affects only the WRTS Kid's Gym, Franchisor reserves the right, but shall not have any obligation, to perform and/or control and/or cause its third-party consultants to perform and/or control all aspects of the response to the Cyber Event including, without limitation, the investigation, containment and resolution of the Cyber Event and all communications within the WRTS franchise system and with vendors and suppliers, Governmental Authorities and the general public. Franchisor's control of the response to a Cyber Event may potentially affect or interrupt operations of the WRTS Kid's Gym, but shall not create any liability for Franchisor or additional rights for Franchisee, entitle Franchisee to damages or relieve Franchisee of Franchisee's indemnification obligations under Section 18.4. Franchisee shall reimburse Franchisor for all of Franchisor's out-of-pocket costs and expenses incurred in responding to and remedying any Cyber Event caused solely by Franchisee or the WRTS Kid's Gym. Franchisee shall at all times be compliant with (i) the NACHA ACH Security Framework; (ii) the Payment Rules; (iii) Applicable Law regarding data privacy, data security and security breaches; and (iv) Franchisor's security policies and guidelines, all as may be adopted and/or amended from time to time (collectively, "Data Security Safeguards"). Franchisee shall obtain advice from Franchisee's own legal and security consultants to ensure that Franchisee operates the WRTS Kid's Gym at all times in full compliance with the Data Security Safeguards. Notwithstanding Franchisor's right to perform and/or control all aspects of a response to a Cyber Event, Franchisor shall make commercially reasonable efforts to coordinate its response with Franchisee and Franchisee's insurance carrier(s) and to cooperate with Franchisee's insurance carrier(s) regarding insurance coverage of the Cyber Event to the extent reasonably practicable under the circumstances.

7.40 Payment of Debts. Franchisee shall be solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the WRTS Kid's Gym and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the opening and operation of the WRTS Kid's Gym. Franchisee shall pay all obligations, liabilities and refunds to suppliers, lessors, creditors and customers on a timely basis. Franchisee shall indemnify and pay Franchisor, if Franchisor makes any payment or is held responsible for any debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between suppliers, lessors, creditors, customers and WRTS franchisees, as required by Section 4.5. Franchisee's failure to do so shall constitute a default under this Agreement whether Franchisee's failure to pay such debts occurs during the Term or following the expiration or termination of this Agreement Franchisee shall make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes arising from Franchisee's operation of the WRTS Kid's Gym. Franchisee shall pay and indemnify Franchisor if Franchisor is held responsible for any of these taxes.

8. WRTS MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the WRTS Marks in order to identify for the public the source of services and products marketed under the WRTS Marks and the WRTS System, and to represent the WRTS System's high standards of quality, appearance and service. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and

operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

8.1 Franchisor Representations Concerning the WRTS Marks. Franchisor represents with respect to the WRTS Marks that (i) all steps reasonably necessary to preserve and protect the validity of the WRTS Marks, and Franchisor's right to use and license others to use, the WRTS Marks will be taken; and (ii) Franchisor will use and permit Franchisee and other WRTS Kid's Gym franchisees to use the WRTS Marks only in accordance with the standards and specifications attendant to this Agreement which underlie the goodwill associated with and symbolized by the WRTS Marks.

8.2 Franchisee Representations Concerning the WRTS Marks. Franchisee shall (i) use only the WRTS Marks designated by Franchisor, shall use them only in the manner authorized and permitted by Franchisor and only with the letters "®", "TM," "SM" or "©", as appropriate, as instructed by Franchisor, whenever and wherever the WRTS Marks shall be used; (ii) use the WRTS Marks only for the operation of the WRTS Kid's Gym, and only at the Franchised Location or in connection with Franchisor approved marketing for the WRTS Kid's Gym; (iii) operate and advertise the WRTS Kid's Gym only under the name "WE ROCK THE SPECTRUM KID'S GYM FOR ALL KIDS ~ [NAME OF CITY]" without any other prefix or suffix, unless otherwise authorized or required by Franchisor; (iv) identify itself as an independent franchisee-owner of the WRTS Kid's Gym in conjunction with any use of the WRTS Marks or the operation of the WRTS Kid's Gym, including, but not limited to, the use on invoices, receipts, business stationery and contracts, as well as at conspicuous locations on the Franchised Location as Franchisor may designate in writing, with the form and content of the identification shall comply with standards set forth in the Manuals; (v) use the WRTS Marks only in the manner authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement; (vi) not use the WRTS Marks to incur any obligation or indebtedness on behalf of Franchisor; (vii) not use the WRTS Marks as part of its corporate or other legal name; (viii) execute any documents deemed necessary by Franchisor, or its Affiliates, to obtain protection for the WRTS Marks or to maintain their continued validity and enforceability; and (vix) not use the WRTS Marks in connection with the operation of a non-profit organization or the use of third party fundraising services.

8.3 Unauthorized Use. Franchisee shall promptly notify Franchisor of any suspected unauthorized use of or any challenge to the validity of the WRTS Marks, or any challenge to Franchisor's or Franchisor's Affiliate's ownership of, Franchisor's license to use and to license others to use, or Franchisee's right to use, the WRTS Marks licensed under this Agreement. Franchisee acknowledges that Franchisor, or its Affiliate, has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the WRTS Marks, including any settlement thereof. Franchisor, or its Affiliate, has the right, but not the obligation, to take action against uses by others that may constitute infringement of the WRTS Marks. Franchisor shall defend Franchisee against any third party claim, suit or demand arising out of Franchisee's use of the WRTS Marks. If Franchisor, in its reasonable discretion, determines that Franchisee has used the WRTS Marks in accordance with this Agreement, the cost of the defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the WRTS Marks in accordance with this Agreement, the cost of the defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the WRTS Marks, Franchisee shall execute any and all documents and do the acts as may, in the opinion of Franchisor, be necessary to carry out the defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that the litigation is the result of Franchisee's use of the WRTS Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket litigation costs in doing the acts.

8.4 Franchisee Acknowledgments Concerning the WRTS Marks. Franchisee expressly understands and acknowledges that (i) Franchisor is the owner of all right, title and interest in and to the WRTS Marks and the goodwill associated with and symbolized by them and Franchisor has the right to use and license others to use the WRTS Marks; (ii) the WRTS Marks are valid and serve to identify the WRTS Kid's Gyms and those who are franchised under the WRTS System; (iii) during the Term and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, Franchisor's ownership of the WRTS Marks, nor take any other action which may tend to jeopardize Franchisor's interest in this Agreement, or Franchisor's right to use, and to license others to use, the WRTS Marks; (iv) Franchisee's use of the WRTS Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the WRTS Marks other than the license granted by this Agreement; (v) any and all goodwill arising from Franchisee's use of the WRTS Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license in this Agreement granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use.

8.5 Use of Different Marks. Franchisor reserves the right to change, revise or substitute different proprietary marks for use in identifying the WRTS Proprietary Programs, the WRTS System, the WRTS Kid's Gym and the services and merchandise sold or offered for sale through the WRTS Kid's Gym, if the WRTS Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the WRTS Proprietary Programs and the WRTS System. In these circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for the substitution. If Franchisor's currently licensed WRTS Marks can no longer be used, Franchisee shall promptly implement use of the substitution Marks.

8.6 Inspections. Franchisor shall have the right, at all reasonable times, at the WRTS Kid's Gym and elsewhere, to inspect Franchisee's use of the Marks as part of appropriate quality control. Upon request, Franchisee shall submit to Franchisor all packages, labels, marketing displays, marketing brochures and other materials used in connection with WRTS Branded Products and Franchisee specifically undertakes to amend to the satisfaction of Franchisor any package, labels, marketing displays, marketing brochures and other materials which are not approved by Franchisor.

8.7 Changes in Law. In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall execute any documents, and do the acts and things as in the opinion of Franchisor may be necessary to affect the intent and purpose of the provisions of this Agreement; provided, however, that Franchisor shall bear all costs associated with the request.

9. CONFIDENTIAL INFORMATION

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

9.1 WRTS Confidential Information. Franchisee represents and warrants that Franchisee's knowledge of the elements of the WRTS Proprietary Programs, the WRTS System and any other proprietary data that may be disclosed to Franchisee by Franchisor, or any Affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of Franchisor and any and all confidential and/or proprietary knowledge, data or information which Franchisee has obtained or obtains from Franchisor and which Franchisor treats as proprietary or designates (whether or not in writing or electronic form) is "WRTS Confidential Information", whether or not Franchisor correctly or incorrectly designates the same as WRTS Confidential Information.

9.1.1 By way of illustration, but not limitation, WRTS Confidential Information includes all tangible and intangible information (whether or not in electronic form) relating to the WRTS Proprietary Programs, the WRTS Marks, the WRTS System, the Manuals and Franchisor and its Affiliates' business operations, products, merchandise and services, routines, methods, techniques, manuals, equipment, materials, related written content, disclaimers, handout items, teaching aids, sources of materials and equipment, information management, computer hardware and software, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, WRTS Data, customer contact information and contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental merchandise and services, Websites, advertisements or ancillary products, merchandise and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, WRTS Trade Secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationship between Franchisor and other companies, Persons or entities and any other information or material considered proprietary by Franchisor, whether or not correctly or incorrectly designated as WRTS Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor and which is subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding the disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above-described items may be combined with other information or services or synthesized or used by Franchisee.

9.1.2 WRTS Confidential Information does not include any information that: (i) was in the lawful and unrestricted possession of Franchisee prior to its disclosure by Franchisor; (ii) is or becomes generally available to the public by acts other than those of Franchisee after receiving it; (iii) has been received lawfully and in good faith by Franchisee from a third party who did not derive it from Franchisor; or (iv) is shown by acceptable evidence to have been independently developed by Franchisee.

9.2 Maintain Confidentiality. Franchisee shall not, during the Term or thereafter, communicate, divulge or use for the benefit of, anyone else, any WRTS Confidential Information, knowledge or know-how concerning the methods of operation of the WRTS Kid's Gym which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement, Franchisee may only divulge WRTS Confidential Information to Franchisee's supervisorial and managerial employees who must have access to it in order to perform their employment responsibilities.

9.3 Irreparable Injury from Disclosure of WRTS Confidential Information. Franchisee acknowledges that failure to comply with the requirements of this Article 9 will result in irreparable injury to Franchisor and the WRTS System for which no adequate remedy at law may be available, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 9.

9.4 Confidentiality Covenants from Individuals Associated with Franchisee. Franchisee shall require any supervisorial and managerial employee who may have access to any WRTS Confidential Information of

Franchisor to execute the Employee Confidentiality Agreement in substantially the form of Exhibit D attached to this Agreement to maintain the confidentiality of information they receive in connection with their association with Franchisee.

9.5 No Restriction. Nothing in this Article 9 is intended to prohibit or restrict any activity which prohibition or restriction violates Franchisee's employees' rights to engage in protected concerted activity under the National Labor Relations Act.

10. ACCOUNTING AND RECORDS

10.1 Computer and Video Surveillance System. Franchisee shall purchase, use and maintain a personal computer system and video surveillance system as specified in the Manuals or otherwise by Franchisor in writing for use in connection with the WRTS Kid's Gym. Franchisor may also designate certain computer software to be used in the operation of the WRTS Kid's Gym. Franchisor may require Franchisee to maintain an e-mail account and connect the computer system to a dedicated telephone line (or other communications medium specified by Franchisor) at all times and be capable of accessing the Internet via a designated third party network. Franchisee shall obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the WRTS Kid's Gym, and Franchisee shall, from time to time, upon Franchisor's request transmit digital photos and real time video and audio signals of the WRTS Kid's Gym to, and in the form and manner prescribed by, Franchisor. Franchisee shall purchase any upgrades, enhancements or replacements to the computer system and/or hardware and software as Franchisor may from time to time require. Upon request, Franchisee shall permit Franchisor to access the computer system and the files stored therein via any means specified, including electronic polling communications.

10.2 Maintenance of Computer Systems and Video Surveillance System. Franchisee shall, at its expense, keep its computer system and video surveillance system in good maintenance and repair, and, at its expense, and following Franchisor's determination that same will prove economically or otherwise beneficial to all WRTS Kid's Gym franchisees, promptly install the additions, changes, modifications, substitutions and/or replacements to the computer system, software, video surveillance system, telephone and power lines, and other computer-related facilities, as Franchisor directs. Updates or replacement of the computer system, both hardware and software, and video surveillance system, may be required, but Franchisee will not be required to replace the computer system or video surveillance system any more frequently than once every thirty (30) months.

10.3 Maintenance of Records. Franchisee shall prepare, during the Term, and shall preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

10.4 Submission of Financial Statements and Tax Returns. Upon written request from Franchisor to do so, Franchisee shall, at its expense, provide Franchisor with an electronic copy of Franchisee's financial statements showing the results of operations of the WRTS Kid's Gym for each fiscal year during the Term. The statements shall include a statement of income and balance sheet, and shall be furnished within ninety (90) days after the end of each fiscal year of Franchisee.

10.5 Submission of Performance Reports. Franchisee shall, at its expense, provide Franchisor with a monthly statement on the 10th day of each month of each year of the Term, on electronic forms prescribed by Franchisor, accurately reporting all revenue and expense activity during the preceding calendar month and

the other data and information regarding operation of the WRTS Kid's Gym as Franchisor may require. The statement shall be due and remitted to Franchisor in connection with Franchisee's payment of Royalty and other payments in accordance with Sections 4.2, 4.3 and 4.4. Each statement by Franchisee shall be true and correct. Franchisee also shall provide to Franchisor, for review or auditing, the other forms, sales reports, cash register receipts, records, information and data as Franchisor may reasonably designate, on the forms and in the manner as are reasonably designated by Franchisor. In addition, Franchisee shall submit monthly statistical control forms and other financial, operational and statistical information that Franchisor may require (i) to assist Franchisee in the operation of the WRTS Gym; (ii) to allow Franchisor to monitor Gross Revenue, purchases, costs and expenses; (iii) to enable Franchisor to develop chain wide statistics; (iv) to assist Franchisor in the development of new products or services or the removal of existing unsuccessful products or services; and (v) to generally improve chain-wide understanding of the WRTS System.

10.6 Audit of Franchisee Records. Franchisor, or its designated agents, shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts and business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee. If an inspection or audit reveals that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date the amount was due until paid, at the rate of eighteen percent (18%) per annum calculated monthly, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have because of the under reporting.

10.7 Use of Financial Statements In Franchise Disclosure Document. Franchisee hereby irrevocably consents to Franchisor's use of information contained in its financial statements, at Franchisor's election, in Franchisor's Franchise Disclosure Document for the offer and sale of franchises.

11. MARKETING

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

11.1 Marketing. Franchisor has sole discretion over all marketing and public relations programs and activities for WRTS Kid's Gyms, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. Franchisor may prepare and produce materials and programs as Franchisor determines, including video, audio and written marketing materials employing marketing agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, Website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers.

11.2 Local Marketing Expenditures. Franchisor does not require Franchisee to make local marketing expenditures. If Franchisee chooses to conduct local marketing and promotion of the WRTS Kid's Gym, Franchisee shall conduct all local marketing and promotion in accordance with the policies and provisions

with respect to format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by Franchisor, and shall not use or publish any marketing material or in any way use or display any of the WRTS Marks except in accordance with said policies and provisions. Franchisee shall submit samples of all marketing and promotional plans and materials to Franchisor for Franchisor's approval and may only commence use of the materials after they have been approved, in writing, by Franchisor. Franchisor shall have the right at any time after Franchisee commences use of any materials to prohibit further use, effective upon written notice to Franchisee.

11.3 Preparation and Approval of Franchisee Marketing Materials. All local marketing and promotion by Franchisee shall be in the media and of the type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to the standards and requirements as set forth in the Manuals or otherwise in writing. Franchisee shall not use any marketing or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to this Section 11.3. Approval, if granted, shall remain in effect until notice from Franchisor to discontinue further use. Franchisee shall submit samples of all marketing and promotional plans and concepts to Franchisor (through the mail, return receipt requested) at least fifteen (15) days prior to Franchisee's planned launch of any local marketing program. Franchisor also shall have the right at any time after Franchisee commences use of the material to prohibit further use, effective upon receipt of written notice by Franchisee.

12. INSURANCE

12.1 Franchisee's Insurance Obligations. Franchisee shall obtain, prior to commencement of construction of the WRTS Kid's Gym, and shall maintain in full force and effect during the Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor against any demand or claim with respect to personal and bodily injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the construction and operation of the WRTS Kid's Gym in the types and amounts as specified in the Manuals or otherwise by Franchisor.

12.1.1 Each policy or policies shall: (i) be underwritten by insurers licensed and admitted to write coverage in the state in which the WRTS Kid's Gym is located, with a rating of "A Class VIII" or better as set forth in the most recent edition of A.M. Best's Key Rating Guide; (ii) name Franchisor, the Operating Company and our Affiliates and partners, shareholders, directors, agents and employees as additional insureds; and (iii) comply with the requirements prescribed by Franchisor in writing at the time the policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as revised by the Manuals.

12.1.2 Insurance coverage shall include, at a minimum (i) "Special Form" property insurance to cover Franchisee's business personal property and business interruption insurance, customarily obtained by similar businesses in the principal trade area of the WRTS Kid's Gym; (ii) comprehensive commercial general liability (CGL) insurance in an amount of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, products and completed operation aggregate of $2,000,000, personal & advertising injury of $1,000,000, damage to rented premises of $100,000, sexual/physical abuse or molestation of $50,000 per occurrence and $100,000 in the aggregate; (iii) hired and non-owned auto of $1,000,000 and a separate accident policy with coverage of $25,000 per participant and $25,000 in the aggregate; (iv) if Franchisee will have an owned auto registered to the WRTS Kid's Gym, a business auto policy in an amount of $1,000,000 or higher; (v) workers' compensation insurance for statuary limits (usually $1,000,000) and (vi) employer's liability insurance in an amount not less than $1,000,000. Franchisor reserves the right to change the insurance requirements during the term of this Agreement, including the types of coverage and the amounts of coverage. Franchisee must comply with any changes to these requirements.

12.2 Waiver of Subrogation. In connection with any and all insurance required to be maintained by Franchisee under Section 12.1, Franchisee and Franchisee's insurers shall agree to waive their rights of subrogation against Franchisor, and Franchisee shall provide evidence of the waiver in accordance with Section 12.5.

12.3 Franchisee's Insurance Obligation Not Affected By Franchisor's Insurance. Franchisee's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 19.4.

12.4 Additional Required Endorsement. All public liability and property damage policies shall contain a provision that Franchisor, the Operating Company and their Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under the policies on any loss occasioned to Franchisor, the Operating Company and its Affiliates, partners, shareholders, officers, directors, agents or employees by reason of the negligence of Franchisee.

12.5 Certificates of Insurance. At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor, and its Affiliates, Certificates of Insurance evidencing the proper types and minimum amounts of required coverage ("Certificates"). All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor, and its Affiliates, in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by the Certificates. Certificates evidencing the insurance required by this Article 12 shall name Franchisor, and its Affiliates, and each of their Affiliates, partners, shareholders, directors, agents and employees as additional insureds on the additional-insured Grantor of Franchise Form CG-2029 or an insurer's comparable form, and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which the Certificates evidence coverage.

12.6 Right to Secure Insurance on Behalf of Franchisee. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as the requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor and/or its Affiliates shall have the right and authority (but not the obligation) to immediately procure the insurance and to charge the same to Franchisee, which charges, together with the expenses of Franchisor and/or its Affiliates in so acting, shall be payable by Franchisee immediately upon notice. If Franchisor and/or its Affiliates procure insurance on behalf of Franchisee, Franchisee shall additionally pay Franchisor interest on the amount due to Franchisor at the maximum rate permitted by Applicable Law. The foregoing remedies shall be in addition to any other remedies Franchisor and its Affiliates may have.

13. TRANSFER OF INTEREST

13.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any Person or legal Entity without the consent or approval of Franchisee. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and the Operating Company may sell their assets, the WRTS Marks, the WRTS Proprietary Programs, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake

a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring all without the consent or approval of Franchisee. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the WRTS Marks (or any variation thereof), the WRTS Proprietary Programs, or the WRTS System and/or the loss of association with, or identification of, We Rock The Spectrum, LLC, as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities which Franchisee acknowledges may be proximate to the WRTS Kid's Gyms. In connection with any of the foregoing, at Franchisor's request, Franchisee shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Franchisee agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

13.2 Assignment by Franchisee. Franchisee acknowledges and agrees that the rights granted to Franchisee under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and, if Franchisee is an Entity, that of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustor, trustee, beneficiary or other Equity Owner of Franchisee. Accordingly, to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Franchisee's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Franchisee acknowledges and agrees that Franchisee has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly, (i) any interest in this Agreement; or (ii) the right to use the WRTS System, the WRTS Proprietary Programs, or the WRTS Marks (an "Assignment") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Franchisee satisfies the conditions to the Assignment identified in this Agreement.

13.2.1 Franchisee shall not, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion (i) offer for sale or transfer at public or private auction any of the rights of Franchisee under this Agreement; and (ii) directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

13.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Franchisee pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Franchisee; (iv) the issuance of any securities by Franchisee which itself or in combination with any other transactions results in the Owners, as constituted on the Effective Date, owning less than fifty percent (50%) of the outstanding Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected. Franchisee shall promptly provide Franchisor with written notice (stating the information that Franchisor may from time to time require) of each and every transfer, Assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment" as defined under this Article 13.

13.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Franchisee of all of Franchisee's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "Qualified Assignment").

13.2.4 Any attempted or purported Assignment which fails to comply with the requirements of this Article 13 shall be null and void and shall constitute a Default under this Agreement.

13.3 Right of First Refusal. Except with respect to a Qualified Assignment, if Franchisee or an Owner receives a bona fide written offer ("Third Party Offer") from a third party (the "Proposed Buyer") to purchase or otherwise acquire any interest in Franchisee which will result in an Assignment within the meaning of this Agreement, Franchisee or the Proposed Buyer, shall, within fourteen (14) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment.

13.3.1 Franchisee, or the Proposed Buyer, shall attach to its application for consent to the Assignment a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement, and (iii) any other information material to the Third Party Offer, proposed transferee and proposed Assignment or that Franchisor requests.

13.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("Purchase Notice") given to Franchisee or the Proposed Buyer, within thirty (30) days following receipt of the application for consent to the Assignment and all supporting information, to notify Franchisee or the Proposed Buyer that it will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price all amounts then due and owing from Franchisee to Franchisor under this Agreement or otherwise.

13.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

13.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take place no later than ninety (90) days following the date that the Third Party Offer was received by Franchisee. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 13.3.

13.4 Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

13.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new WRTS Kid's Gym Franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

13.4.2 Franchisee must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

13.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

13.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Franchise Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects, except that the term of replacement Franchise Agreement shall be the remaining Term. In exchange for signing the Then-Current Franchise Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement. If the Proposed Buyer is an Entity, each Owner and each Owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations in the Then-Current Franchise Agreement under a Guarantee in substantially the form of Exhibit C. If Franchisor is not offering new WRTS Kid's Gym franchises, is in the process of revising, amending or renewing Franchisor's form of Franchise Agreement or its Franchise Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Franchise Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the Term on substantially the same terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Franchise Agreement.

13.4.5 Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of WRTS Confidential Information.

13.4.6 Franchisee and the Proposed Buyer shall execute a General Release in favor of Franchisor.

13.4.7 Franchisee shall pay Franchisor a Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

13.4.8 Franchisee shall pay Franchisor the Then-Current "Transfer Broker Fee" if Franchisee uses one of Franchisor's representatives to assist in the Assignment of the Franchise Agreement to a third-party purchaser.

13.4.9 Franchisee must simultaneously transfer its rights to all contracts for which continuation is necessary for operation of the WRTS Kid's Gym to the Proposed Buyer and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained.

13.4.10 Franchisee's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the Proposed Buyer's obligations owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Franchisee and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

13.4.11 Except when the transferee is an existing Franchisee or franchisee of Franchisor, the Proposed Buyer and a supervisorial or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the WRTS Kid's Gym who is acceptable to Franchisor, must complete, to Franchisor's sole satisfaction, the Initial Training Program prior to the effective date of the Assignment.

13.4.12 The Proposed Buyer must conform the WRTS Kid's Gym with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new WRTS Kid's Gyms.

13.4.13 Franchisee must sign a Guarantee in substantially the form of Exhibit C under which Franchisee will personally guarantee the Proposed Buyer's obligations under the new Franchise Agreement in favor of Franchisor.

13.5 Death or Incapacity. In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Owner, or the remaining Owners (the "Successor") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated Owner; or (ii) complete an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party, subject to the provisions of this Article 13. If a Successor has not purchased the interest of the deceased or incapacitated Owner or completed an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

13.6 Transfer by Franchisee in Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to Section 14.1 and this Agreement is to be assumed by, and assigned to, any Person or Entity who has made a bona fide offer to accept an assignment of this Agreement pursuant to the United States Bankruptcy Code, notice of the proposed assignment or assumption, setting forth (i) the name and address of the Proposed Buyer; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the Proposed Buyer's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the assignment and assumption. Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed assignment and assumption, to accept an assignment of this Agreement to itself upon the

same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the Proposed Buyer.

13.7 Restriction on Publicly Traded and Private Securities. Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor, and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of $10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 13.

14. DEFAULT AND TERMINATION

14.1 Termination In the Event of Bankruptcy or Insolvency. Franchisee shall be deemed to be in Default under this Agreement, and all rights granted to Franchisee in this Agreement shall automatically terminate without notice to Franchisee, (i) if Franchisee or its Principal Owner becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed by Franchisee or its Principal Owner or such a petition is filed against and not opposed by Franchisee; (iii) if Franchisee or its Principal Owner is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or its Principal Owner or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or its Principal Owner; (v) if a receiver or other custodian (permanent or temporary) of Franchisee's or its Principal Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee or its Principal Owner; (vii) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Franchisee or its Principal Owner is dissolved; (ix) if execution is levied against Franchisee's or its Principal Owner's business or property; (x) if suit to foreclose any lien or mortgage against the Franchised Location or assets is instituted against Franchisee or its Principal Owner and not dismissed within thirty (30) days; (xi) or if the real or personal property of the WRTS Kid's Gym is sold after levy thereupon by any sheriff, marshal or constable.

14.2 Termination with Notice and Without Opportunity to Cure. Franchisee shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this

Agreement, without affording Franchisee any opportunity to cure the Default, effective immediately upon receipt of notice by Franchisee upon the occurrence of any of the following events:

14.2.1 If Franchisor concludes (in its sole and absolute discretion) that Franchisee does not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the WRTS System or this Agreement after Franchisee completes the Initial Training Program; however, Franchisor may, at its option and sole discretion, provide Franchisee with additional training in lieu of termination under this Section 14.2.1.

14.2.2 If Franchisor and Franchisee fail to agree on a site, and/or if Franchisee fails to deliver a fully executed copy of a Lease for the Franchised Location to Franchisor within ninety (90) days after the Effective Date and/or if Franchisee fails to construct and Open the WRTS Kid's Gym for business within one hundred eighty (180) days from the Effective Date, subject only to Force Majeure.

14.2.3 If Franchisee at any time ceases to operate or otherwise Abandons the WRTS Kid's Gym without the consent of Franchisor, or loses the right to possession of the Franchised Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the WRTS Kid's Gym is located. If, however, through no fault of Franchisee, the Franchised Location is lost, damaged or destroyed and repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after the event in which to apply for Franchisor's approval to relocate the WRTS Kid's Gym in accordance with Section 5.4 of this Agreement and/or reconstruct the WRTS Kid's Gym for the remaining Term, which approval shall not be unreasonably withheld.

14.2.4 If Franchisee or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the WRTS Marks, the WRTS System, the WRTS Proprietary Programs, the goodwill associated therewith, or Franchisor's interest in this Agreement.

14.2.5 If any purported Assignment of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the WRTS Kid's Gym is made to any third party without Franchisor's prior written consent, contrary to the terms of Article 13.

14.2.6 If an approved Assignment as required by Section 13.5, is not effected within the time provided following the death or permanent incapacity (mental or physical) of Franchisee.

14.2.7 If Franchisee fails to comply with the covenants in Article 16 or fails to deliver to Franchisor the executed covenants required under Section 9.4 or Section 16.8.

14.2.8 If, contrary to the terms of Article 9, Franchisee, any Owner or employee of Franchisee, discloses or divulges the contents of the Manuals or other WRTS Confidential Information provided to Franchisee by Franchisor.

14.2.9 If Franchisee or any Owner has made any material misrepresentations in connection with Franchisee's application to Franchisor for the franchise granted in this Agreement.

14.2.10 If Franchisee, after curing a Default pursuant to Section 14.3, commits the same, similar or different Default again, whether or not cured after notice.

14.2.11 If Franchisee loses, through renovation, forfeiture, failure to renew, or otherwise, any license required with respect to the operation of the WRTS Kid's Gym.

14.2.12 If Franchisee or the Principal Owner fails to successfully complete the Initial Training Program required by Section 6.1.

14.2.13 If Franchisee understates any payment to Franchisor by three percent (3%) or more, or understates any payment in any amount, twice in any two (2) year period.

14.2.14 If an imminent threat or danger to public health or safety results from the operation of the WRTS Kid's Gym.

14.2.15 If Franchisee knowingly maintains false books or records or submits any false reports or statements to Franchisor.

14.2.16 If Franchisee fails to obtain or maintain required insurance coverage.

14.2.17 If, within ten (10) days after receipt of written notice from Franchisor that any required payment is overdue, Franchisee fails to make the payment to Franchisor, Franchisor's Affiliates, or, to Franchisee's landlord, suppliers, creditors or employees unless, with respect to Franchisee's landlord, suppliers, creditors or employees, Franchisee notifies Franchisor of the existence of a bona fide dispute and takes immediate action to resolve it.

14.2.18 If Franchisee fails to make timely payments upon any obligation of Franchisee upon which Franchisor has advanced any funds for or on behalf of Franchisee, or upon which Franchisor is acting as a guarantor of Franchisee, or Default upon or breach of any provision of any promissory note or other evidence of indebtedness or any agreement relating to this Agreement concerning any obligation of Franchisee which arises from the WRTS Kid's Gym.

14.2.19 If Franchisee or any Owner or any other franchisee of Franchisor which controls, is controlled by, or is under common control with Franchisee fails to comply with any or all of the terms of this Agreement or any other agreement between Franchisor, or its Affiliates, and Franchisee within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.20 If Franchisee Defaults in the repayment or performance of any obligation or financing transaction with third parties under which this franchise, the Franchised Location or any asset of the WRTS Kid's Gym is pledged as security for Franchisee's performance.

14.2.21 If, contrary to the terms of Section 7.3, Franchisee purchases any merchandise, equipment, supplies or materials to be used at the WRTS Kid's Gym from any suppliers who are not WRTS Approved Suppliers and fails to remove the same from the WRTS Kid's Gym and cease all use of the same within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.22 If, contrary to the terms of Section 7.3, Franchisee fails to sell and offer for sale all and only authorized services and merchandise required by Franchisor or fails to discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time, within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.23 If Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise.

14.2.24 If Franchisee Defaults in any obligation under this Agreement or any other agreement between Franchisor and Franchisee that is not by its nature capable of being cured by Franchisee.

14.2.25 If Franchisee or the Owners use abusive language when communicating with Franchisor, Franchisor's staff or with customers, or denigrate the WRTS System or portray it in an unflattering light on the Internet or otherwise.

14.2.26 If funding promised or otherwise represented to be made available to Franchisee or its Owners on the condition that Franchisee sign this Agreement is not made available to Franchisee or its Owners within ten (10) business days after Franchisee signs this Agreement.

14.2.27 If, in Franchisor's Business Judgment, Franchisor has grounds to believe that Franchisee or any of its Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with the WRTS Kid's Gym's operation, whether such conduct is directed at or reasonably expected to impact the WRTS Kid's Gym, the System, the Franchisor or its Affiliates, suppliers, other franchisees, or another third party.

14.2.28 If, in Franchisor's Business Judgment, Franchisor has grounds to believe that Franchisee or any of its Owners, officers, or directors has engaged in any lewd or immoral conduct, whether or not in connection with the WRTS Kid's Gym's operation.

14.3 Termination with Notice and Opportunity to Cure. Except as otherwise provided in Sections 14.1 and 14.2, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written Notice of Default within which to remedy any Default under this Agreement or any Addendum executed along with this Agreement, and to provide evidence thereof to Franchisor. If any Default is not cured within the specified time, or a longer period as Applicable Law may require, Franchisor shall have the right to terminate this Agreement by providing written Notice of Termination to Franchisee. Franchisee shall be in Default pursuant to this Section 14.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or failure to carry out the terms of this Agreement in good faith.

14.4 Cross-Default. Any Default by Franchisee under the terms and conditions of this Agreement, any Area Development Agreement or any other agreement between Franchisor, its Affiliates, and Franchisee, or its Owners or Affiliates, shall be deemed to be a Default of each and every other agreement. In the event of the termination, for any cause, of this Agreement or any other agreement between the Parties, Franchisor may, at its option, terminate any or all of the agreements, and disable Franchisee's ability to use the WRTS Kid's Gym Website, all social media pages and web pages associated with the WRTS Kid's Gym.

14.5 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article 14, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by the laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

14.6 Interim Management. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, after Franchisor has given Franchisee written notice that Franchisee is in Default, Franchisor may (but is not obligated to) assume interim management of the WRTS Kid's Gym during the pendency of any cure period or in lieu of immediately terminating this Agreement. If Franchisor elects to assume interim management of the WRTS Kid's Gym (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operation of the WRTS Kid's Gym during any interim management period; (iii) Franchisor shall have the right to charge a reasonable fee for the management services, not to exceed $250 per day, plus Franchisor's out of pocket costs, if any; and (iv) Franchisee agrees to, and hereby does, indemnify and hold Franchisor harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the WRTS Kid's Gym, other than those arising solely from the gross negligence or willful misconduct of Franchisor. Franchisor may delegate its responsibilities under this Section 14.6 to any designee, employee or agent of Franchisor, as Franchisor may direct.

14.7 Delay by Force Majeure. Franchisee shall provide Franchisor, within five (5) days after the occurrence of an event that Franchisee believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Franchisee's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance by Franchisee shall be extended by the number of days equal to the number of days that the Force Majeure exists. Franchisee shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Franchisee's progress and diligence in responding to and overcoming the event of Force Majeure. An event of Force Majeure will not affect or change Franchisee's obligation to pay Royalty Fees, ScreenCloud, Interim and Management Fees, or any other fees owed to Franchisor when due during the event of Force Majeure.

15. OBLIGATIONS UPON TERMINATION AND EXPIRATION

15.1 General. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate, and Franchisee shall immediately cease to operate the WRTS Kid's Gym, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

15.2 Cessation of Use of WRTS Confidential Information and the WRTS Marks. Franchisee shall immediately and permanently cease to use, by marketing or in any other manner whatsoever, the WRTS Proprietary Programs and the WRTS System, confidential methods, procedures and techniques associated with the same, and all of the WRTS Marks and distinctive forms, slogans, signs, symbols and devices associated with WRTS Kid's Gym. Franchisee will immediately lose all rights to the Website for the WRTS Kid's Gym and any social media page or webpage for the WRTS Kid's Gym. Franchisee acknowledges and agrees that Franchisee's use of the WRTS Marks after the expiration or termination of this Agreement shall constitute an unauthorized use of the WRTS Marks and shall, in addition to all other remedies to which Franchisor may pursue, entitle Franchisor to recover damages for trademark infringement and counterfeiting.

15.3 Cancellation of Assumed Name Registration. Franchisee shall take the action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the WRTS Marks; and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

15.4 Assignment of Lease. If Franchisee leases the Franchised Location under a Lease with a Landlord, Franchisee shall, at Franchisor's request, immediately assign to Franchisor any interest which Franchisee has in any Lease for the Franchised Location. In the event Franchisor does not request assignment of the Lease, Franchisee, within thirty (30) days after termination or expiration of this Agreement, shall make the modifications or alterations to the Franchised Location (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Franchisor of, the telephone number) as may be necessary to distinguish the appearance of the Franchised Location from that of other WRTS Kid's Gyms, and shall make the specific additional changes to this Agreement as Franchisor may reasonably request for that purpose. If Franchisee fails or refuses to comply with the requirements of this Section 15.4 following Franchisor's demand that Franchisee do so, Franchisor shall have the right to immediately enter into negotiations with the Landlord of the Franchised Location regarding assignment and assumption of the Lease and to enter the Franchised Location and conduct business at the WRTS Kid's Gym, without being guilty of trespass or any other tort. In addition, Franchisor may make or cause to be made changes to the WRTS Kid's Gym as may be required to enable Franchisor, or its Affiliates, or another franchisee of Franchisor, to continue the operation of the WRTS Kid's Gym, all at the expense of Franchisee, which expense Franchisee shall pay to Franchisor upon demand.

15.5 Modification of Franchised Location to Avoid Public Confusion. Franchisee agrees, in the event Franchisee continues to operate or subsequently begins to operate any other business at the Franchised Location, not to use any reproduction, counterfeit copy, or colorable imitation of the WRTS Marks, either in connection with the other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the WRTS Proprietary Programs, the WRTS Marks and the WRTS System. Franchisee further agrees not to utilize any designation of origin or description or representation which, in Franchisor's sole discretion, falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

15.6 Prior Payments; Early Termination Damages. Franchisor may retain all fees paid to Franchisor pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts remaining due to Franchisor and its Affiliates. If this Agreement terminates due to a Default by Franchisee, Franchisee shall pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the Default, which obligation shall remain, until paid in full, a lien in favor of Franchisor against assets of the WRTS Kid's Gym. Franchisee hereby appoints Franchisor as its attorney-in-fact, with full power and authority to execute on Franchisee's behalf all documents necessary to obtain and perfect this lien. If Franchisee attempts to terminate this Agreement prior to the Expiration Date, or the expiration date of any Renewal Term, if applicable, then, in addition to any other remedies available to Franchisor, Franchisee shall pay Franchisor, within thirty (30) days following the date of termination, an amount equal to: (a) $10,000, if Franchisee attempts to terminate this Agreement on or after the Effective Date through the fourth anniversary of the Effective Date; or (b) $5,000, if Franchisee attempts to terminate this Agreement any time after the fourth anniversary of the Effective Date (collectively, the "Early Termination Damages"). Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon Franchisee's early termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor and the uncertainty regarding the number of months that will expire while Franchisor searches for a replacement franchisee for the WRTS Kid's Gym or for a

replacement WRTS Kid's Gym location in the trade area of the WRTS Kid's Gym. Franchisor and Franchisee further acknowledge and agree that the Early Termination Damages are a reasonable, good-faith estimate of those damages and the Early Termination Damages do not include any other damages, including damages to Franchisor's reputation with the public and landlords, or damages arising from a violation of any provision of this Agreement, other than damages for lost revenue.

15.7 Return of Manuals and Other WRTS Confidential Information. Franchisee shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files and any instructions containing WRTS Confidential Information relating to the operation of the WRTS Kid's Gym which are in Franchisee's possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

15.8 Purchase of Business Assets. Upon the expiration of this Agreement or the termination of this Agreement for any Default of Franchisee, Franchisor shall have the option, but no obligation, to be exercised by written notice to Franchisee within thirty (30) days after the Expiration Date or Termination Date, to purchase the assets of the WRTS Kid's Gym that Franchisor elects to purchase (collectively, the "Business Assets"). The purchase price for the Business Assets (the "Purchase Price") shall be the "Fair Market Value" of the Business Assets as determined under this Section 15.8, less the amount of any money due from Franchisee to Franchisor under this Agreement on the Expiration Date or Termination Date. "Fair Market Value" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "Exercise Date"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser who shall determine the Purchase Price in writing and submit its report to Franchisor and Franchisee. Franchisor and Franchisee shall each pay one half (1/2) of the costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear interest at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Business Assets.

15.9 Franchisee Payment of Franchisor's Costs and Advances. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, advanced or incurred by Franchisor prior or subsequent to the termination or expiration of this Agreement granted in obtaining enforcement of any provisions of this Article 15.

15.10 Compliance with Post Term Covenants. All covenants, obligations and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive the termination or expiration.

15.11 Electronic Communications and Media. The goodwill associated with all phone and fax numbers, email addresses, domain names, Websites or webpages, social media and other Internet addresses used in operation of the WRTS Kid's Gym ("Electronic Communications and Media") is an asset that belongs to Franchisor. Franchisor shall have the option, exercisable by written notice within thirty (30) days after the cancellation, termination or expiration of this Agreement, to take an assignment of all Electronic Communications and Media for the WRTS Kid's Gym. If Franchisor exercises this option, Franchisee will be

deemed to have assigned to Franchisor or Franchisor's designee all right, title and interest in and to these and/or services associated with the same. Franchisee shall notify the telephone company, domain name registrars and all listing agencies of the cancellation, termination or expiration of its right to use the Electronic Communications and Media associated with the WRTS Kid's Gym, and shall authorize their transfer to Franchisor. Franchisee hereby appoints Franchisor as its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as may be necessary to effect an assignment of all Electronic Communications and Media for the WRTS Kid's Gym. This power of attorney is coupled with an interest and shall survive the cancellation, termination or expiration of this Agreement. Franchisee, by executing this Agreement, authorizes Franchisor and hereby appoints Franchisor and all of Franchisor's officers as Franchisee's attorney-in-fact to direct the telephone company, domain name registrars and all listing agencies to transfer the same to Franchisor, should Franchisee fail or refuse to do so. The telephone company, domain name registrars and all listing agencies may accept this Agreement as conclusive evidence of Franchisor's exclusive rights to the Electronic Communications and Media and Franchisor's authority to direct their transfer. Franchisee must sign the instruments Franchisor requests to confirm the assignments and transfers to Franchisor. Franchisee shall not be entitled to any compensation from Franchisor if Franchisor exercises this option.

15.12 Security Interest. Franchisee acknowledges and agrees that in addition to any other rights and remedies to which Franchisor and its Affiliates may be entitled, Franchisor and its Affiliates may enforce any rights and remedies of a secured party under the UCC as enacted in the state where the Franchised Location is located, pursuant to the security interest granted in Section 4.9, including, without limitation, the right to enter the Franchised Location to remove and repossess any products or goods in which Franchisor or its Affiliates have been granted a security interest, without notice to Franchisee. Franchisee hereby waives and releases Franchisor and its Affiliates from any and all claims in connection therewith and arising therefrom. At the request of Franchisor or its Affiliates following the event of a Default, Franchisee shall assemble and make available to Franchisor and its Affiliates all products and goods in which Franchisor or its Affiliates have been granted a security interest at a place to be designated by Franchisor or its Affiliates which is reasonably convenient to both Parties.

16. COVENANTS

16.1 No Prior Experience, Information or Knowledge. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a children's gym or a business that offers any combination of indoor or outdoor play centers for children which feature swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services or a WRTS Kid's Gym and that Franchisee's knowledge of the WRTS Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the WRTS Kid's Gym under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor, the WRTS Proprietary Programs, and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

16.2 Non-Competition During Term of Agreement. Franchisee and each Restricted Person covenants that during the Term, except as otherwise approved in writing by Franchisor, and each Restricted Person shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any Person, or legal Entity

(i) divert or attempt to divert any present or prospective customer of the WRTS Kid's Gym to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System; or (ii) own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business.

16.3 Non-Competition After Transfer, Expiration or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) the termination or expiration of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 16.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Restricted Person shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person, Persons, or legal Entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business located at the Franchised Location or within a twenty (20) mile radius of any WRTS Kid's Gym or the Franchised Location.

16.4 Violation of Non-Compete. If Franchisee or any Restricted Person violates Section 16.3 during the two (2) year period following (i) the termination or expiration of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16.3, in addition to all other remedies available to Franchisor, Franchisee and/or the Restricted Person shall pay Franchisor, throughout the two (2) year period, five percent (5%) of all revenue derived from the operation of the Competitive Business, including the sale of any merchandise, other products and services at or from the Competitive Business, and all other income of every kind and nature of the Competitive Business ("Post Termination Gross Revenue") in violation of Section 16.3. Franchisee shall account for and pay the five percent (5%) of the Post Termination Gross Revenue to Franchisor on the tenth day of each month on the Post Termination Gross Revenue of the Competitive Business during the previous month. Franchisor shall have the right to audit the books and records of the competing business to confirm Franchisee's compliance with this Section 16.4, upon prior notice to Franchisee.

16.5 Exceptions to Non-Compete Covenants. Sections 16.2 and 16.3 shall not apply to ownership by Franchisee or a Restricted Person of a less than five percent (5%) beneficial interest in the outstanding Equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

16.6 Reducing Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16.2 and 16.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

16.7 Reasonable Good Faith Estimate. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur (1) if Franchisee or any Restricted Person shall commit any violation of Section 16.3 during the two (2) year period following (i) the termination or expiration of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16.3 or (2) if Franchisor expressly grants Franchisee permission in writing to compete

with Franchisor pursuant to an arrangement made under Section 16.6 or otherwise due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the term then in effect, the uncertainty regarding the Gross Revenue of the WRTS Kid's Gym during the remainder of the term then in effect, the amount of Royalty Fees Franchisee would have paid Franchisor based upon the Gross Revenue of the WRTS Kid's Gym and the like as well as the amount of the fees that Franchisor will collect from Franchisee upon the occurrence of the circumstances described in Section 16.4. Franchisor and Franchisee further acknowledge and agree that the Post Termination Gross Revenue fee is a reasonable, good faith estimate of the damages.

16.8 Non-Solicitation. Franchisee agrees that at no time during the Term, nor for a period of two (2) years after the expiration or termination of this Agreement, shall Franchisee, directly or indirectly, solicit or induce any Person who is a client or customer of Franchisor in an attempt to enter into any business relationship with a client or customer of Franchisor if the business relationship is competitive with any aspect of Franchisor's business or reduce or eliminate the business the client or customer conducts with Franchisor.

16.9 Enforceability of Covenants Not Affected by Franchisee Claims. Franchisee expressly agrees that the existence of any claims 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 in this Article 16. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 16.

16.10 Covenants from Individuals. Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 16 (including covenants applicable upon the termination of a Person's relationship with Franchisee) from any or all of the following Persons: (i) all supervisorial and managerial employees of Franchisee who have attended any training program described in Section 6.1; (ii) all officers, directors, members and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation or limited liability company; and (iii) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 16.10 shall be in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

16.11 Breach of Covenants Causes Irreparable Injury. Franchisee acknowledges that Franchisee's violation of any covenant of this Article 16 or any action described in Sections 14.2, 14.3 or 18.3 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the conduct or action.

17. ENTITY FRANCHISEE

If Franchisee is a corporation, partnership or limited liability company:

17.1 Representations of Franchisee. Franchisee represents and warrants that the information set forth in Exhibit B, which is attached to this Agreement and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth in Exhibit B, and shall submit to Franchisor a revised Exhibit B, certified

by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as Exhibit B. Franchisee promptly shall provide the additional information as Franchisor may from time to time request concerning all Persons who may have any direct or indirect financial interest in Franchisee.

17.2 Requirements. Franchisee shall: (i) furnish Franchisor with a copy of its articles of incorporation, partnership agreement or articles of organization, shareholders' agreement or operating agreement, as well as the other documents as Franchisor may reasonably request; (ii) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the WRTS Kid's Gym; (iii) maintain stop transfer instructions on its records against the transfer of any Equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any non-voting securities convertible into voting securities; and (v) maintain a current list of all Owners of record and all beneficial Owners of any Equity interests of Franchisee and furnish the list to Franchisor upon request. In addition, each present and future shareholder, partner or member of Franchisee shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing a Guarantee in substantially the form of Exhibit C to this Agreement.

18. TAXES

Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on Royalty Fees and any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor by reason of the furnishing of merchandise, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or Lease of property or property rights provided by this Agreement. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or Applicable Law.

19. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

19.1 No Fiduciary Relationship. This Agreement does not create a fiduciary relationship between the Parties to this Agreement. Franchisee shall be an independent contractor; and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

19.2 Public Notice of Independent Status. Franchisee shall conspicuously identify itself and the WRTS Kid's Gym in all dealings with its customers, contractors, suppliers, public officials and others, as an independent franchisee of Franchisor, and shall place the notice of independent ownership in its WRTS Kid's Gym and on all forms. Franchisor shall have the right to specify the language of any notice.

19.3 Independent Contractor. Franchisee acknowledges and agrees that it is not authorized to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name; and that Franchisor shall in no event assume liability for or be deemed liable under this Agreement as a result of any action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the WRTS Kid's Gym or for any claim or judgment arising therefrom against Franchisee or Franchisor.

19.4 Indemnification. Franchisee its Owners and Affiliates (collectively, the "Indemnitors") shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents, (collectively the "Indemnitees") from any and all "losses and expenses" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, or claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, and regardless of whether the same is between Indemnitors and Indemnities which arises directly or indirectly from, as a result of, or in connection with Franchisee's operation of the WRTS Kid's Gym, regardless of whether same resulted from any breach or Default by Franchisee under this Agreement, including, but not limited to, claims arising as a result of the maintenance and operation of the Franchised Location (collectively, an "event"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnities (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). For the purpose of this Section 19.4, the term "losses and expenses" shall be deemed to 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 losses and expenses. Franchisee shall give Franchisor prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek the advice and counsel of Franchisee. Any assumption of Franchisor shall not modify Franchisee's indemnification obligation. Franchisor may, in its sole and absolute discretion, take the actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the WRTS Marks.

20. INTERNET AND WEB SITES

20.1 Internet. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the WRTS Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisee shall not separately register any domain name or any portion of any domain name containing the WRTS Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the WRTS Marks without Franchisor's prior written consent. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee.

20.2 Franchisor's Website. Franchisor shall establish and maintain monthly, one or more Internet Websites that shall be used to provide information about the WRTS Kid's Gym to the public. Franchisor will also establish social media outlets, including Facebook, Instagram and Twitter accounts, for the WRTS Kid's Gym, and will provide content for these social media outlets for up to three (3) months before the WRTS Kid's Gym Opens for Business. Franchisor has sole discretion and control over the establishment, design and content of

the Website that identifies the WRTS Kid's Gym. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to comply with Applicable Laws, or respond to changes in market conditions or technology and respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to the Website; and (vi) disable or terminate the Website without any liability to Franchisee. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on Franchisor's Website in Franchisor's sole discretion, if Franchisee is in Default under this Agreement, or any other agreement with Franchisor or Franchisor's Affiliates, Franchisor may disable or terminate presence on Franchisor's Website, without prior notice and without any liability or recourse as against Franchisor, or its Affiliates, and remove all references to the WRTS Kid's Gym on Franchisor's Website until the Default is cured.

20.3 Electronic Commerce. Franchisee will not use the WRTS Proprietary Programs, the WRTS Marks or the WRTS System to advertise, promote or sell any services or merchandise through the Internet, nor will Franchisee offer or sell any product or service that is identified with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System, including, but not limited to, WRTS Branded Products, products such as gluten and/or wheat free food products, puzzles, games, sensory based toys, gluten free playdough, or puzzle piece jewelry or other merchandise that bears the WRTS Marks through the Internet. Franchisee's breach of this restriction will constitute willful trademark infringement and a material breach of this Agreement. Franchisor may, at its discretion, use the Web site described in Section 20.2 or may establish another facility on the Internet for the purpose of engaging in electronic commerce with respect to services and merchandise that are identified with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System.

20.4 Assignment Upon Termination or Expiration. Franchisee shall, at the option and request of Franchisor, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the WRTS Kid's Gym following demand by Franchisor upon Franchisee's misuse of the same and/or the termination or expiration of this Agreement. Furthermore, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor. This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement.

21. APPROVALS, WAIVERS AND NOTICES

21.1 Obtaining Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and the approval or consent must 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 in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.2 No Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or Default by Franchisee, or by any other franchisee, of any of the terms, provisions or covenants thereof, and no custom or practice by the Parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any right, option or power as against Franchisee, or as to a subsequent breach or Default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants or conditions of this Agreement.

21.3 Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission (to the email address given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Fax: (818) 650-2261
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

With a copy (which shall not constitute notice) to:

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan,
A Law Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Franchisee: See Exhibit A

Either Party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement provided by a written notice given in the manner aforesaid to the other Party.

22. ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

22.1 Waiver and Delay. No waiver by Franchisor of any Default, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or any Franchise Agreement or other agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

22.2 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the termination or expiration of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

22.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

22.4 Joint and Several Liability. If Franchisee consists of more than one Owner, the obligations and liabilities of each Person or Entity to Franchisor are joint and several.

22.5 Entire Agreement. This Agreement, any Exhibits to this Agreement and any ancillary agreements between Franchisee and Franchisor, or any Affiliate, which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between Franchisor (and, if applicable, any Affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements. Franchisee acknowledges that it is entering into this Agreement, and any ancillary agreements executed contemporaneously herewith, as a result of its own independent investigation of the business franchised hereby and not as a result of any representation made by Franchisor or Persons associated with Franchisor, or other franchisees, which are contrary to the terms in this Agreement set forth or which are contrary to the terms of any Franchise Disclosure Document, or other similar document required or permitted to be given to Franchisee pursuant to Applicable Law. Except for those permitted under this Agreement to be made unilaterally by Franchisor, no amendment, change, or variation 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. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

22.6 Gender and Construction. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Franchisee that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the WRTS System, the WRTS Marks, the WRTS Trade Secrets and the goodwill associated with the same, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

22.7 Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the

law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

22.8 Survival of Obligations After Expiration or Termination of Agreement. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive the expiration or termination.

22.9 Survival of Modified Provisions. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

22.10 Titles and Recitals. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The statements set forth in Recitals A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

22.11 Responsibility. The term "Franchisee" as used in this Agreement shall refer to each Person executing this Agreement as Franchisee, whether the Person is one of the Owners, spouses, partners, shareholders, members, trustees, trustors or beneficiaries or Persons named as included in Franchisee, and shall apply to each Person as if he or she were the only named Franchisee in this Agreement. If Franchisee consists of more than one Owner, the obligations and liabilities of each Owner to Franchisor are joint and several.

23. DISPUTE RESOLUTION

23.1 Judicial Relief. Franchisor and Franchisee agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California ("Courts"). To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern. If any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and the provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then the provision shall be interpreted and construed under the laws of that state.

23.2 Waivers. Franchisor and Franchisee agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one (1) year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Franchisee, for themselves, and for and on behalf of Franchisee's Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Franchisee shall each

be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 23.4.

23.3 Specific Performance. Franchisor and Franchisee acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Franchisee agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Franchisee further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Franchisee might otherwise have.

23.4 Exclusive Remedy. In no event shall either Franchisor or Franchisee make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any claim for damages. Neither Party may claim any damages by way of set-off, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

23.5 Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a court of competent jurisdiction.

24. ACKNOWLEDGMENTS

24.1 Recognition of Business Risks. Franchisee acknowledges that it has conducted an independent investigation of the proposed franchise, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent business person. 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 sales, income, profits or success of the business venture contemplated by this Agreement, or of other WRTS Kid's Gyms.

24.2 Receipt of Franchise Disclosure Document. Franchisee acknowledges that it has received a copy of the complete WRTS Kid's Gym Franchise Disclosure Document, which contains a copy of this Franchise Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received a copy of the complete WRTS Kid's Gym Franchise Agreement for WRTS Kid's Gyms, the Exhibits to this Agreement, and agreements relating to this Agreement, if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of the WRTS Kid's Gym, that he has been informed by Franchisor that there can be no guaranty of success in the WRTS Kid's Gym and that Franchisee's business ability and aptitude is primary in determining his success.

24.3 Review of Franchise Disclosure Document. Franchisee acknowledges that it has read and understood this Agreement, the Exhibits to this Agreement, and agreements relating to this Agreement, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors and counsel of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

24.4 Representations by Franchisee. Franchisee acknowledges and agrees that prior to the Effective Date, no employee, agent or other Person speaking on Franchisor's behalf made (i) any statement or promise to Franchisee concerning projected revenues, profits or operating costs of a WRTS Kid's Gym; (ii) any statement or promise to Franchisee regarding the amount of money Franchisee may earn in operating a WRTS Kid's Gym; (iii) any statement or promise to Franchisee concerning the total amount of revenue a WRTS Kid's Gym will or may generate; or (iv) any statement or promise to Franchisee regarding the costs Franchisee will or may incur in operating a WRTS Kid's Gym.

24.5 Anti-Terrorism Laws. Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if the action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("Patriot Act") and any amendments or successors thereto.

24.5.1 Neither Franchisee, any of its Owners nor any employee of either of them is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control. Currently, this list is published under the internet website address "www.treas.gov/offices/enforcement/ofac/sdn/". Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that it will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

24.5.2 Franchisee represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at www.epic.org/privacy/terrorism/hr3162.html), and hereby acknowledges the importance to Franchisor, the WRTS System and the Parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Franchisee shall take all reasonable steps to require its consultants, agents and employees to comply with the laws prior to engaging or employing any such Persons.

24.6 Atypical Arrangements. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions and obligations in this Agreement. Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Franchise Agreement by Franchisor do or will contain terms substantially similar to those contained in this Franchise Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the date of this Franchise Agreement with other WRTS Kid's Gym franchisees in a non-uniform manner.

24.7 Additional Documents. Each of the Parties agrees to execute, acknowledge and deliver to the other Party and to procure the execution, acknowledgment and delivery to the other Party of any additional documents or instruments which either Party may reasonably require to fully effectuate and carry out the provisions of this Agreement.

24.8 Intent to Comply. Franchisee has read this Agreement and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and the uniformity of those standards at all WRTS Kid's Gyms in order to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System. Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply with the terms of this Agreement and be bound by the terms of this Agreement.

24.9 Business Judgment. Notwithstanding any provision in this Agreement to the contrary, Franchisee and the Owners acknowledge and agree that:

24.9.1 This Agreement (and the relationship of the Parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the explicit rights and obligations of Franchisee and the Owners hereunder that may affect Franchisee and the Owners' interests favorably or adversely. Franchisor shall use its Business Judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the WRTS System and other WRTS franchisees, WRTS Kids Gyms generally, and specifically without considering the individual interests of Franchisee or the Owners or the individual interests of any other WRTS franchisee. Franchisee and the Owners acknowledge and agree that Franchisor shall have no liability to Franchisee or the Owners for the exercise of its discretion in this manner; and even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion. If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction are challenged for any reason, the Parties expressly direct the trier of fact to find that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

24.9.2 In granting its approval of the Franchised Location, designating suppliers, setting standards and the like, Franchisor shall exercise its Business Judgment. However, in the exercise of its Business Judgment, Franchisor shall not be liable to Franchisee or the Owners or anyone else, if Franchisor's exercise of its Business Judgment results in a business loss or if the products or services provided fail to meet the expectations of Franchisor, Franchisee, the Owners or other parties. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Franchisee uses, purchases, retains or hires pursuant to Franchisor's exercise of its Business Judgment.

24.10 Counterparts and Electronic Transmission. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

24.11 Electronic Execution and Copies. This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (collectively, "electronic"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Franchisee acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

24.12 Area Development Agreement. This Section 24.12 is only applicable if Franchisee or its Affiliates have entered into an Area Development Agreement (a "Development Agreement") with Franchisor. Franchisor and Franchisee acknowledge and agree that the Development Agreement contains certain negotiated provisions which are intended to apply to, and modify, future franchise agreements entered into by the Parties. Therefore, notwithstanding anything to the contrary set forth in this Agreement, to the extent any provision in the Development Agreement contradicts any provision in this Agreement, or is in addition to any provision of this Agreement, the Development Agreement shall control to the extent of such inconsistency or addition. Franchisor and Franchisee further acknowledge and agree that this Section 24.12 has been added at the request and for the convenience and benefit of both Parties and with advice of counsel. Accordingly, both Franchisor and Franchisee shall work in good faith to resolve any disputes regarding the application or intent of the Development Agreement and future franchise agreements entered into by the Parties. Should a dispute arise as to the application or intent of the Development Agreement as it pertains to this Agreement, the Parties shall resolve the dispute in accordance with Article 23 of this Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first shown above.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT A
FRANCHISE INFORMATION
AND THE EXCLUSIVE TERRITORY

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT A
FRANCHISE INFORMATION
AND THE EXCLUSIVE TERRITORY

1. Name of Franchisee: _____

2. Franchised Location. The following site has been selected by Franchisee and approved by Franchisor as the "Franchised Location" for the "WRTS Kid's Gym" in accordance with Section 1.1 of the Franchise Agreement entered into between Franchisor and Franchisee dated: _____, 20__.

_____
_____

2. Exclusive Territory. The following territory has been designated by Franchisor and accepted by Franchisee as the "Exclusive Territory" of the WRTS Kid's Gym in accordance with Section 2.2 of the Franchise Agreement:

[ ] The territory outlined on the attached map and described as follows:

_____
_____
_____

If the Exclusive Territory is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Exclusive Territory shall extend to the center line of each street, highway, freeway or other roadway, or river, stream, or tributary.

4. Opening Date. The Opening Date is _____.

5. Expiration Date. The Expiration Date of the Franchise Agreement is _____, subject to Section 3.1 of the Franchise Agreement.

6. Notice Address for Franchisee: _____

7. Email: _____

8. Counterparts and Electronic Transmission; Electronic Signatures. This Exhibit A may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Exhibit A with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Exhibit A for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Exhibit A. In addition, this Exhibit A may be signed electronically by the

Parties and electronic signatures appearing on this Exhibit A shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Exhibit A.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT
EXHIBIT B
ENTITY INFORMATION DISCLOSURE

If Franchisee is an entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects as of _____:

(1) Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): _____

State of incorporation/organization: _____
Name of Franchisee Entity: _____

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) Franchisee promptly shall provide the additional information as Franchisor may from time to time request concerning all Persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, shareholders or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) Set forth below are the names, addresses and titles of Franchisee's principal officers, partners and shareholders who will be devoting their full time to the operation and management of the WRTS Kid's Gym:

NAME	ADDRESS	TITLE

(6) The address where Franchisee's Financial Records and entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is: _____ _____.

(7) Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Franchise Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the partners, shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor. In addition, Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects. Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

(8) This Exhibit B may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Exhibit B with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Exhibit B for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Exhibit B. In addition, this Exhibit B may be signed electronically by the Parties and electronic signatures appearing on this Exhibit B shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Exhibit B.

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT

The undersigned ("Guarantors") have requested WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), to enter into that certain Franchise Agreement dated _____ (the "Franchise Agreement") with _____, a _____ ("Franchisee"). In consideration for, and as an inducement to, Franchisor's execution of the Franchise Agreement, Guarantors hereby grant this guarantee (this "Guarantee") and agree as follows:

1. "Obligations" means and includes any and all obligations of Franchisee arising under or pursuant to the Franchise Agreement and all other obligations, whether now existing or hereafter arising, of Franchisee to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Franchisee to Franchisor and the performance of any and all obligations of Franchisee including, without limitation, obligations under the Franchise Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Franchisee fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Franchise Agreement is not observed, performed or discharged as required by the Franchise Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Franchisee or any other Person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisor. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Franchise Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Franchise Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Franchise Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Franchise Agreement (or any of them) by Franchisor or Franchisee; (iv) the invalidity or unenforceability of any provision of the Franchise Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Franchise Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Franchisee or any other Person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any

action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Franchisee's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Franchisee, any other or others; (iv) any defense arising out of any alteration of the Franchise Agreement or the Obligations; (v) notice of Franchisee's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Franchisee, Franchisor, any endorser, creditor of Franchisee or Guarantors under this or any other instrument, or any other Person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Franchisee by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Franchisee. All existing or future indebtedness of Franchisee to Guarantors and any right to withdraw capital invested in Franchisee by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of: (i) all rights described in California Civil Code Sections 2856(a)(1) through (a)(3), inclusive, including, without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Franchisee's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, amendments, modifications, substitutions or replacements of the Franchise Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any Default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Franchisee or whether Franchisee is joined in any such action or actions. Franchisor may maintain successive actions for other Defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Franchisee and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Franchisee or any other Person or Entity, or applying or enforcing any security of the Franchise Agreement. Guarantors

acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Franchise Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 17 of the Franchise Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantor's signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

Executed by or on behalf of Guarantors on the date set forth below.

_____ _____
_____
_____

_____ _____
_____
_____

_____ _____
_____
_____

_____ _____
_____
_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT D
EMPLOYEE CONFIDENTIALITY AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT D
EMPLOYEE CONFIDENTIALITY AGREEMENT

THIS EMPLOYEE CONFIDENTIALITY AGREEMENT (this "Agreement") is made this_____ day of_____, 20___ (the "Effective Date"), by and between _____ ("Franchisee"), on the one hand, and _____ ("Recipient"), on the other hand, with reference to the following facts:

A. We Rock The Spectrum, LLC ("Franchisor"), has developed the "WRTS System" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, to foster learning, exploration and safe sensory experiences ("WRTS Kid's Gym"), and use the trade name and service mark "We Rock The Spectrum Kid's Gym For All Kids" and other related trademarks, service marks, logos and commercial symbols (the "WRTS Marks").

B. The WRTS System includes, without limitation, unique physical fitness programs, the operations and training manuals, materials and related written directives related to the WRTS System (the " Manuals"), the operating methods and business practices related to WRTS Kid's Gyms, the relationship between Franchisor and its franchisees, interior and exterior WRTS Kid's Gym design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's Website (collectively, the "WRTS Confidential Information"), all of which may be modified by Franchisor from time to time and may be disclosed to Recipient by Franchisee.

C. Franchisor has and continues to protect the confidentiality of the WRTS Confidential Information by, among other things, (i) not revealing the confidential contents of the WRTS Confidential Information to unauthorized parties; (ii) requiring WRTS Kid's Gym franchisees to acknowledge and agree in writing that the WRTS Confidential Information is confidential; (iii) requiring WRTS Kid's Gym franchisees to agree in writing to maintain the confidentiality of the WRTS Confidential Information; (iv) monitoring electronic access to the WRTS Confidential Information by the use of passwords and other restrictions so that electronic access to the WRTS Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all WRTS Confidential Information to Franchisor upon the expiration and termination of their Franchise Agreements.

D. Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to own and operate a We Rock The Spectrum Kid's Gym (the "WRTS Kid's Gym") and to use the WRTS System, the WRTS Marks, the Manuals, and the WRTS Confidential Information in the operation of the WRTS Kid's Gym.

E. Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from each supervisorial and managerial employee employed by Franchisee and each independent contractor engaged by Franchisee who may have access to the WRTS Confidential Information and who may be the recipient of the disclosure of the WRTS Confidential Information to maintain the confidentiality of the WRTS Confidential Information, to obtain the written agreement of each supervisorial and managerial employee and independent contractor to not use the WRTS Confidential Information other than in the course of his or her employment or engagement by Franchisee and to not disclose any of the WRTS Confidential Information to any unauthorized parties during the period of time that he or she is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends.

NOW, THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about a children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym. Recipient's knowledge of the WRTS Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 WRTS Confidential Information. The WRTS Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, Websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of Franchisor's employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, WRTS Trade Secrets, WRTS Data, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, Persons or entities, the WRTS System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Recipient. WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Recipient prior to its disclosure by Franchisee to Recipient; is or becomes generally available to the public by acts other than those of Recipient after receiving it; has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor, Franchisee or Recipient; or is shown by acceptable evidence to have been independently developed by Recipient.

1.3 Independent Value. The WRTS Confidential Information (i) is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Franchisee; (ii) derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or Franchisee, and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the WRTS Confidential Information.

1.4 Valuable and Proprietary. The WRTS Confidential Information has been developed by Franchisor, its founder and their Affiliates by the investment of time, skill, effort and money and is widely recognized by the public, of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor, its founder and their Affiliates.

2. COVENANTS OF RECIPIENT.

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 Maintain Confidentiality. Recipient will fully and strictly maintain the confidentiality of the WRTS Confidential Information, will exercise the highest degree of diligence in safeguarding the WRTS Confidential Information and will not disclose or reveal the WRTS Confidential Information to any Person other than Franchisee or another Person employed or engaged by Franchisee while an employee or independent contractor of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.2 No Reproduction or Use. Recipient will not directly or indirectly reproduce or copy any WRTS Confidential Information and will make no use of any WRTS Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Franchisee and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.3 Restrictions. Recipient specifically acknowledges and agrees Recipient may receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy. Recipient therefore covenants that while employed or engaged by Franchisee, Recipient shall not, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any Person, or legal entity (i) divert or attempt to divert any present or prospective WRTS Kid's Gym customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System, or (ii)own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any children's gym or other type of business that offers indoor or outdoor play centers for children or any business similar to the WRTS Kid's Gym or any business that looks like, copies, imitates, or operates with similar trade dress or décor to the WRTS Kid's Gym.

2.4 Third Party Beneficiary. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement.

2.5 No Restriction. Nothing in this Article 2 is intended to prohibit or restrict any activity which prohibition or restriction violates Recipient's rights to engage in protected concerted activity under the National Labor Relations Act.

3. GENERAL TERMS.

3.1 Injunction. Recipient recognizes the unique value and secondary meaning attached to the WRTS Confidential Information and the elements of the WRTS System and agrees that Recipient's noncompliance with the

terms of this Agreement or any unauthorized or improper use of the WRTS Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the WRTS Confidential Information, Franchisor and Franchisee, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the WRTS Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 Heirs and Successors; Entire Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the Parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The Parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the Parties.

3.3 No Right to Use the WRTS Marks or the WRTS System. This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of, the WRTS Confidential Information, which right is expressly reserved by Franchisor.

3.4 Waiver and Validity. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of the rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any invalidity, this Agreement shall continue in full force and effect.

3.5 Headings and Gender. The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.6 Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth in this Agreement or allowed or allowable by law.

3.8 Notices. Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the Parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail); or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

_____
_____
_____
Fax: _____

With a copy to:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

Any notice or demand to Recipient shall be given to:

_____
_____
_____
Fax: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISEE:	RECIPIENT:
_____,	
A _____	
By: _____	
Name: _____	_____
Title: _____	

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT E
COLLATERAL ASSIGNMENT OF LEASE

EXHIBIT E
COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into as of _____, 20__, among WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), _____ _____ ("Franchisee"), and _____ ("Landlord").

Subject to the provisions hereof, Franchisee, to secure its obligations to Franchisor under the Franchise Agreement between Franchisor and Franchisee for the operation of a We Rock The Spectrum Kid's Gym (the "WRTS Kid's Gym"), dated _____, 20__ (the "Franchise Agreement"), hereby assigns, transfers and sets over unto Franchisor and/or the persons/entity(ies) as Franchisor may from time to time designate all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "Lease"), a copy of which is attached to this Assignment, dated _____, 20__, between Franchisee and Landlord for the property commonly known as _____ (the "Franchised Location") in accordance with Section 7.12 of the Franchise Agreement. Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its sole and absolute discretion, takes possession of the Franchised Location pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of the assumption.

Franchisee shall indemnify and hold harmless Franchisor from and against all claims and demands of any type, kind or nature made by the Landlord or any third party that arise out of or are in any manner connected with Franchisee's use and occupancy of the Franchised Location subject to the Lease.

Franchisee represents and warrants to Franchisor that Franchisee has full power and authority to assign the Lease and its interest in the WRTS Kid's Gym.

Franchisor shall not take possession of the Franchised Location until and unless (i) Franchisee Defaults (and/or until there is a termination, cancellation, rescission or expiration of Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or other agreement between Franchisee and Franchisor (or any Affiliate); (ii) Franchisee is adjudicated insolvent, or makes an assignment for the benefit of creditors; (iii) Franchisee applies for or consents to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its property; (iv) such a custodian, receiver, trustee or similar officer is appointed without the application or consent of Franchisee, and the appointment continues undischarged for a period of sixty (60) days; (v) Franchisee is adjudicated bankrupt or institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (vi) any such proceeding is instituted (by petition, application or otherwise) against Franchisee and remains undismissed for a period of sixty (60) days. In such event, Franchisor (or its designee) shall have the right, and is hereby empowered, (but has no obligation) to take possession of the Franchised Location, expel Franchisee therefrom, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the Franchised Location, all such rights thereby passing to Franchisor or its designee, in each case without the Landlord's further consent. Franchisee shall do all acts necessary or appropriate to accomplish the assignment on Franchisor's request. Franchisee shall reimburse Franchisor for the costs and

expenses incurred in connection with any retaking, including, without limitation, the payment of any back rent and other payments due under the Lease (whether the payments are made by a separate agreement with the Landlord or otherwise), attorneys' fees and expenses of litigation incurred in enforcing this Assignment, costs incurred in re-letting the Franchised Location and costs incurred for putting the Franchised Location in good working order and repair. If Franchisee loses its lease rights to the Franchised Location in connection with any bankruptcy, the Landlord shall, on Franchisor's request, enter into a new lease with Franchisor on essentially the same terms as the terminated Lease.

Franchisee agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor nor shall Franchisee sell, transfer, assign, sublet or enter into any agreement to sell, transfer, assign or sublet any of its right, title or interest in and to the WRTS Kid's Gym or the Franchised Location, including any transfer, assignment or sublet of the Franchise Agreement, the Lease or any of the operating assets of the WRTS Kid's Gym except as otherwise provided in the Franchise Agreement or this Assignment. Throughout the Term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise on a timely basis all options to extend the Term, or renew or assume in bankruptcy, the Lease, unless Franchisor otherwise agrees in writing. Upon failure of Franchisee to so elect to extend or renew or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise the options in the name, place and stead of Franchisee for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Failure of Franchisor to exercise any remedy under this Agreement shall not be construed or deemed to be a waiver of any of its rights under this Agreement. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained in this Agreement shall bind Franchisee and its successors and assigns, and inure to the benefit of Franchisor and its successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one (1) Franchisee, their obligations under this Agreement shall be joint and several.

This Assignment or any memorandum related hereto may be recorded by, and at the expense of, Franchisor. Franchisee hereby appoints Franchisor as its attorney-in-fact to execute any and all documents and to take any and all actions, as are necessary or appropriate to record the instrument referenced above.

Notwithstanding anything to the contrary contained in this Agreement, Franchisee shall indemnify, defend and hold harmless Franchisor with respect to all obligations and liabilities, including, without limitation, the obligations to pay all rent and other monies due under the Lease, that arise after the date of any assignment of the Lease that transpires under this Assignment; provided, however, nothing under this Agreement shall affect any obligations or covenants of Franchisee owed under its Franchise Agreement with Franchisor, including, without limitation, any post-termination covenant not to compete.

This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Assignment with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Assignment for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Assignment. In addition, this Assignment may be signed electronically by the Parties and electronic signatures appearing on this Assignment shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Assignment.

IN WITNESS WHEREOF, the parties have executed this Assignment on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

LANDLORD:

By: _____
Name: _____
Title: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT F
SBA ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between We Rock The Spectrum, LLC ("Franchisor"), located at 18816 VENTURA BLVD, TARZANA, CA 91356, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT G
WRTS MOBILE ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT G
WRTS MOBILE ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") is made and entered into on _____, 20____ (the "Effective Date") and is intended to be a part of, and by this reference is incorporated into, that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"), by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and _____, a _____ ("Franchisee"), on the other hand.

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "Operating Company"), have developed the "WRTS System" for the establishment and operation of mobile children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "Mobile WRTS Kid's Gym").

B. Neither the Operating Company nor Franchisor have previously granted licenses for the development, ownership or operation of Mobile WRTS Kid's Gyms and make no representation or warranty of any kind, expressed or implied, with respect to the suitability or likelihood of success of Mobile WRTS Kid's Gyms. Nevertheless, Franchisee desires to obtain a license and franchise to develop, own and operate one Mobile WRTS Kid's Gym under the WRTS Marks, the WRTS Proprietary Programs and the WRTS System and the standards established by Franchisor from time to time, and Franchisor is willing to grant Franchisee a license and franchise under the terms and conditions set forth in this Addendum and the Franchise Agreement.

C. All provisions of the Franchise Agreement shall apply to a Mobile WRTS Kid's Gym unless otherwise stated in this Addendum or unless the context of its use indicates otherwise. All references to a "WRTS Kid's Gym" in the Franchise Agreement include a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise. This Addendum shall replace and supplement the corresponding provisions in the Franchise Agreement that may not apply to a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Capitalized terms used but not defined in this Addendum shall have the meaning ascribed to those terms in the Franchise Agreement.

NOW, THEREFORE, THE PARTIES AGREE:

1. GRANT

1.1 Grant. Franchisor hereby grants to Franchisee the right, and Franchisee undertakes the obligation, to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System solely in connection with the operation of one (1) Mobile WRTS Kid's Gym in, and only in, the following geographic area: _____
_____
_____
_____
(the "Mobile Territory").

1.2 Mobile Territory. During the Initial Term, if Franchisee is not in Default under the Franchise Agreement or this Addendum or any other agreement between Franchisor, its Affiliates and Franchisee, neither Franchisor nor its Affiliates shall own, operate, sell or issue a franchise for any other Mobile WRTS Kid's Gym to be operated within the Mobile Territory. Except as expressly provided in this Section 1.2, the license granted to Franchisee under this Addendum is nonexclusive. Franchisee shall not operate the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory. Franchisee shall not operate the Mobile WRTS Kid's Gym within two (2) miles of any WRTS Kid's Gym owned by another WRTS franchisee (a "Protected Zone"). Franchisor shall have the right to reduce or enlarge a Protected Zone at any time. If Franchisee, at any time, operates the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, Franchisee shall pay Franchisor an encroachment fee of $1,000 (an "Encroachment Fee"). In addition, Franchisee shall be in Default under this Addendum and the Franchise Agreement.

1.3 Mobile WRTS Kid's Gym. Franchisee shall purchase a standard model 66-72 diesel passenger bus which must be equipped with one air conditioning unit and one heater. Franchisee shall add the detailing and equipment to the standard model 66-72 diesel passenger bus to comply with Franchisor's requirements at Franchisee's expense. Franchisee shall purchase the 66-72 diesel passenger bus, detailing and equipment for the Mobile WRTS Kid's Gym from a third party supplier of Franchisee's choice, so long as the third party supplier has been approved by the Franchisor in writing. Franchisee shall also have the option to equip the standard model Mobile WRTS Kid's Gym with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at Franchisee's expense.

2. INITIAL AND EXTENDED TERM

The Initial Term shall commence on the Effective Date and shall expire (i) on the expiration or termination of the Franchise Agreement; or (ii) on the fifth (5th) anniversary of the Effective Date (the "Addendum Expiration Date") whichever occurs first, unless sooner terminated as provided in this Addendum or the Franchise Agreement. Franchisee shall have no right or option to extend or renew the Term except as provided in Section 3.2 of the Franchise Agreement. If Franchisee does not elect to extend the Term, this Addendum and the rights granted to operate the WRTS Mobile Kid's Gym under the Franchise Agreement shall terminate on the Addendum Expiration Date. Upon the expiration or termination of Franchisee's rights under this Addendum, Franchisee shall de-identify the Mobile WRTS Kid's Gym to Franchisor's satisfaction so that it no longer appears to be associated with the WRTS System and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so.

3. FEES AND PAYMENTS

3.1 Initial Franchise Fee. Franchisee shall pay Franchisor the Initial Franchise Fee of $35,000 on the Effective Date. The Initial Franchise Fee shall be fully earned and non-refundable when paid, in consideration for the administrative and other expenses incurred by Franchisor to qualify Franchisee as a WRTS franchisee and for Franchisor's lost or deferred opportunities to enter into a Franchise Agreement for the Exclusive Territory with another franchisee. The Initial Franchise Fee includes payment for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. The Initial Franchise Fee also includes payment for the required bus graphics, WRTS trade dress and signs.

4. OPENING FOR BUSINESS

4.1 Standards and Specifications. Following the Effective Date, Franchisor shall provide Franchisee with Franchisor's specifications for the Mobile WRTS Kid's Gym, the décor and layout of a Mobile WRTS Kid's Gym and the required graphics, detailing, equipment, WRTS trade dress and signs. Franchisee shall at its sole cost and expense promptly cause the Mobile WRTS Kid's Gym to be manufactured, equipped and improved in accordance with these standards and specifications, unless Franchisor shall, in writing, agree to any modifications thereof. Franchisee shall obtain and certify in writing to Franchisor that all applicable licenses and permits are obtained. Franchisee shall provide Franchisor with regular updates regarding the status of the manufacturing and equipping of the Mobile WRTS Kid's Gym. It is recommended, but not required, that Franchisee purchase and install at least one 40" 1080-HD Monitor to receive ScreenCloud social media feeds.

4.2 Open For Business. Franchisee shall Open the Mobile WRTS Kid's Gym for business within ninety (90) days after the Effective Date, subject only to Force Majeure, unless Franchisor agrees otherwise in writing. Franchisor shall have the right, but not the obligation, to conduct a final inspection of the Mobile WRTS Kid's Gym. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not Open the Mobile WRTS Kid's Gym without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with Franchisor's standards and specifications for the Mobile WRTS Kid's Gym other requirements set forth in the Manuals and applicable to the operations of the Mobile WRTS Kid's Gym.

5. OBLIGATIONS OF FRANCHISEE

5.1 Use of Mobile WRTS Kid's Gym. Franchisee shall utilize the Mobile WRTS Kid's Gym solely for the operation of the Mobile WRTS Kid's Gym; shall keep the Mobile WRTS Kid's Gym in normal operation for the minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing and shall refrain from using or permitting the use of the Mobile WRTS Kid's Gym for any other purpose or activity.

5.2 Maintenance of Mobile WRTS Kid's Gym. Franchisee shall at all times maintain the interior and exterior of the Mobile WRTS Kid's Gym in the highest degree of cleanliness, orderliness and sanitation and shall also comply with the requirements of the Manuals regarding the upkeep of the Mobile WRTS Kid's Gym. Franchisee shall repair, re-equip and/or replace the Mobile WRTS Kid's Gym at Franchisee's own expense at such times as reasonably directed by Franchisor. Franchisee shall immediately comply with all Applicable Laws and orders and regulations of Governmental Authorities related to the operation of the Mobile WRTS Kid's Gym. Franchisee shall promptly replace worn-out equipment at Franchisee's expense. Franchisee shall not make any alterations to the Mobile WRTS Kid's Gym, any equipment (including the exterior and interior of the Mobile WRTS Kid's Gym and related equipment), or other items, or to the appearance of the Mobile WRTS Kid's Gym, or the services and products offered from the Mobile WRTS Kid's Gym, without Franchisor's prior written approval. Franchisee shall not affix any signs or posters to the Mobile WRTS Kid's Gym without Franchisor's prior written consent.

6. DEFAULT AND TERMINATION

6.1 Termination with Notice and Without Opportunity to Cure.

6.1.2 If Franchisee uses the Mobile WRTS Kid's Gym for any purpose not authorized by the Franchise Agreement.

6.1.3 If Franchisee, at any time, operates the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error.

7. OBLIGATIONS UPON TERMINATION AND EXPIRATION

7.1 Purchase of Mobile WRTS Kid's Gym. Upon the expiration of the this Addendum and the Franchise Agreement or the termination of this Addendum or the Franchise Agreement for any Default of Franchisee, Franchisor shall have the option, but no obligation, to be exercised by written notice to Franchisee within thirty (30) days after the Addendum Expiration Date or Termination Date, to purchase the assets of the Mobile WRTS Kid's Gym that Franchisor elects to purchase (collectively, the "Mobile Assets"). The purchase price for the Mobile Assets (the "Purchase Price") shall be the "Fair Market Value" of the Mobile Assets as determined under this Section 7.1. "Fair Market Value" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "Exercise Date"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser who shall determine the Purchase Price in writing and submit its report to Franchisor and Franchisee. Franchisor and Franchisee shall each pay one half (1/2) of the costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear interest at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Business Assets.

7.2 Counterparts and Electronic Transmission; Electronic Signatures. This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Addendum with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Addendum for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Addendum. In addition, this Addendum and Schedule One to this Addendum may be signed electronically by the Parties and electronic signatures appearing on this Addendum and the Schedule shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Addendum and the Schedule.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have duly signed and executed this Addendum as of the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

EXHIBIT B

WE ROCK THE SPECTRUM, LLC

AREA DEVELOPMENT AGREEMENT

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

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WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into as of the "Effective Date" set forth on Exhibit A, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and the individuals or Entity identified as "Area Developer" on Exhibit B, on the other hand, who are individually referred to in this Agreement as a "Party", and collectively referred to in this Agreement as "Parties", with reference to the following facts:

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "Operating Company"), have developed the "WRTS System" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "WRTS Kid's Gym" or the "WRTS Kid's Gyms") under certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, without limitation, the mark "We Rock The Spectrum Kid's Gym For All Kids" and other trade names, service marks and trademarks that are now designated and may hereafter be designated by Franchisor (collectively, the "WRTS Marks").

B. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor and mobile play structure, motor play toys and equipment, arts and crafts areas, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "WRTS Proprietary Programs"), distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and advertising, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "WRTS System"). Franchisor has obtained the right to use and to license others to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System from its Affiliate.

C. Franchisor desires to expand and develop WRTS Kid's Gyms in the Development Area and Area Developer desires to develop, Open, own and operate WRTS Kid's Gyms in the Development Area under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. DEFINITIONS

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"Affiliate" or "Affiliates" mean any Person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a Person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of the Person or Entity whether by contract or otherwise.

"Applicable Law" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of WRTS Kid's Gyms that are in effect on or after the Effective Date, as they may be amended from time to time.

"Average Gross Revenue of WRTS Kid's Gyms" means the weekly Gross Revenue of all Affiliate-owned WRTS Kid's Gyms plus the weekly Gross Revenue of all franchisee-owned WRTS Kid's Gyms during the one (1) month period immediately preceding that date that Gross Revenue is to be calculated, divided by the total number of Affiliate-owned WRTS Kid's Gyms and franchisee-owned WRTS Kid's Gyms in operation during the same one (1) month period.

"Business Judgment" means that Franchisor is allowed to exercise its judgment however Franchisor believes is appropriate in a given circumstance without limitation, subject to the use of that discretion in any reasonable way as more fully described in Section 18.14.

"Competitive Business" means any children's gym or business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services, other than a WRTS Kid's Gym operated pursuant to a validly subsisting Franchise Agreement with Franchisor.

"Constituents" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"Default" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"Default Royalty Fee" means the royalty fee that Area Developer shall pay Franchisor for each month between the date that a WRTS Kid's Gym was required to be operating pursuant to the Development Obligation and the date that the WRTS Kid's Gym actually begins operating, which shall equal five percent (5%) of the Average Gross Revenue of WRTS Kid's Gyms.

"Development Area" means the geographic area described on Exhibit A.

"Development Fee" means the development fee equal to $10,000 multiplied by the cumulative number of WRTS Kid's Gyms that comprise the Development Obligation which shall be payable to Franchisor by Area Developer on the Effective Date in the amount set forth on Exhibit A.

"Development Obligation" means the cumulative number of WRTS Kid's Gyms that Area Developer must develop and Open within each Development Period as set forth on Exhibit A.

"Development Period" means each of the time periods indicated on Exhibit A during which Area Developer shall have the right and obligation to construct, equip, Open and thereafter operate WRTS Kid's Gyms in accordance with the Development Obligation.

"Electronic Signature" means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic signatures.

"Entity" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Area Developer is an Entity, the Entity shall conduct no business other than the development of WRTS Kid's Gyms in the Development Area, in accordance with the Development Obligation.

"Equity" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"Expiration Date" means the fifth (5th) anniversary of the Effective Date.

"Force Majeure" means any event (i) that was reasonably unforeseeable as of the Effective Date; (ii) that is beyond the reasonable control, directly or indirectly, of a Party; (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) that causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, "Force Majeure" includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting WRTS Kid's Gyms generally; and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy, or a Party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, Landlord, contractor, or other Person, or Area Developer's financial inability to perform or Area Developer's insolvency, shall be an event of Force Majeure under this Agreement, except to the extent that the act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Neither Party will be in Default in the performance of its obligations under this Agreement if the performance is prevented or delayed due to Force Majeure.

"Franchised Location" means the site of a WRTS Kid's Gym.

"General Release" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"Good Standing" means Area Developer is in substantial compliance with the material requirements of this Agreement, the WRTS Franchise Agreements, the Manuals and all other agreements then in effect between Franchisor or its Affiliates, and Area Developer, and has substantially cured each curable Default for which Franchisor has issued a notice of Default to Area Developer within the time periods set forth in Section 11.3.

"Governmental Authority" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Revenue" means all revenue derived from the operation of WRTS Kid's Gyms and from the sale of all services and merchandise sold at or from WRTS Kid's Gyms, and all other income of every kind and nature related to the WRTS Kid's Gym including, without limitation, business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. "Gross Revenue" shall not include the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"Initial Franchise Fee" means the $57,500 initial fee that Area Developer must pay Franchisor for each WRTS Kid's Gym developed, Opened and operated by Area Developer in the Development Area.

"Initial Term" means the five (5) year period commencing on the Effective Date and ending on the Expiration Date.

"Landlord" means the owner of a Franchised Location who enters into a Lease with Area Developer for a Franchised Location.

"Lease" means any agreement, however denominated, that allows Area Developer to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Area Developer and a Landlord.

"Manuals" means Franchisor's Operations Manuals, which may consist of one or more manuals, and any other written directive related to the WRTS System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"Non-Traditional Venues" means a broad variety of atypical sites, including, without limitation, a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

"Open" and "Opened" means that Area Developer has actually begun to offer its services for sale to the public from a WRTS Kid's Gym.

"Opening Date" means the day that (i) Area Developer receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at a WRTS Kid's Gym; and (ii) Area Developer actually begins to offer its services for sale to the public from the WRTS Kid's Gym, whichever occurs last.

"Owner" means each of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit C.

"Person" means any natural person or Entity. "Principal Owner" means the individual designated by Area Developer on Exhibit B, and accepted by Franchisor to serve as the primary operator of the WRTS Kid's Gyms, to serve as the authorized representative of Area Developer, who shall have at least a fifty-one percent (51%) interest in the Equity of Area Developer, who shall act as Area Developer's representative in all matters with

Franchisor, as Area Developer's liaison with Franchisor and the Owners, who shall have the authority to act on behalf of Area Developer during the Term without the participation of any other Owner.

"Renewal Fee" means the $5,000 fee that Area Developer must pay Franchisor to extend the Initial Term of this Agreement for the Renewal Term.

"Renewal Rights" means the rights held by Area Developer to renew this Agreement for the Renewal Term upon the expiration of the Initial Term.

"Restricted Person" means Area Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"Then-Current" means the form of agreement then-currently provided by Franchisor to similarly situated prospective WRTS area developers and franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a WRTS area developer or franchisee, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor or its Affiliates, or Franchisor's specifications, standards or the like.

"Transfer Fee" means the $5,000 fee that Area Developer must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"Venue" means any site for a WRTS Kid's Gym other than a Non-Traditional Venue.

"WRTS Branded Products" means any product now existing or developed in the future that bears any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

"WRTS Franchise Agreement" means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to develop, Open, own and operate a single WRTS Kid's Gym in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"WRTS Kid's Gym" means each WRTS Kid's Gym developed, Opened, owned and operated by Area Developer under this Agreement and a WRTS Franchise Agreement.

"WRTS Trade Secrets" means proprietary and confidential information of Franchisor and the Operating Company, including specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating WRTS Kid's Gyms, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that can be shown that was already lawfully in a third party's possession before receipt from Franchisor.

2. GRANT

2.1 Grant and Development Obligation. Franchisor hereby grants Area Developer, and Area Developer hereby accepts the right and obligation to use the WRTS Marks and the WRTS System to develop, develop, Open, and operate the cumulative number of WRTS Kid's Gyms set forth in Exhibit A in the Development Area during the Initial Term. Except as provided in Section 2.6, Area Developer may not develop, open or

operate more WRTS Kid's Gyms than the number of WRTS Kid's Gyms set forth on Exhibit A during the Initial Term. Area Developer shall not subcontract, sublicense, share, divide or partition this Agreement or enter into any agreement with any third party providing for the right to develop, open or operate WRTS Kid's Gyms or to use the WRTS Marks or the WRTS System and nothing in this Agreement will be construed as granting Area Developer the right to do so. The Parties shall execute Franchisor's Then-Current Franchise Agreement for each WRTS Kid's Gym to be developed, opened and operated by Area Developer under this Agreement, the form of which may differ from the form of WRTS Franchise Agreement attached to Franchisor's Franchise Disclosure Document (the "Disclosure Document") provided to Area Developer prior to the Effective Date.

2.2 Exclusive License. Except as otherwise provided in this Section 2.2 and in Section 2.4, the rights granted to Area Developer under this Agreement are exclusive during the Initial Term so long as Area Developer is in Good Standing and neither Franchisor nor any of its Affiliates shall themselves develop, open and operate, or grant third parties the right to develop, open and operate, WRTS Kid's Gyms in the Development Area during the Initial Term. Area Developer acknowledges the Development Area may be subject to pre-existing franchises granted prior to the Effective Date. The Development Area will not contain any areas granted to other franchisees prior to the Effective Date. Existing franchisees may renew or transfer the franchise rights previously granted to them under their Area Development Agreements or Franchise Agreements.

2.3 Adherence to Development Schedule. Area Developer shall satisfy the Development Obligation by Opening the number of WRTS Kid's Gyms in the Development Area within each Development Period as required by the Development Schedule set forth on Exhibit A and by continuing to operate the cumulative number of WRTS Kid's Gyms required by the Development Obligation. Failure to comply with the Development Schedule shall constitute a Default under this Agreement and shall entitle Franchisor to (i) collect a Default Royalty Fee from Area Developer for each month following the date that a WRTS Kid's Gym was required to be Opened under the Development Schedule and the actual date that the WRTS Kid's Gym Opens; and (ii) terminate this Agreement, unless the Default results from an event of Force Majeure, in which case, the deadline to Opening a WRTS Kid's Gym may be extended by Franchisor as provided in Section 2.7.

2.4 Rights Reserved by Franchisor. Except as expressly provided in Section 2.2, Franchisor and its Affiliates expressly reserve all other rights, with respect to the WRTS System, the WRTS Marks and WRTS Kid's Gyms, including the exclusive, unrestricted right, in their discretion, directly and indirectly, through their employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Development Area, regardless of their proximity to the Development Area; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a Competitive Business, under marks and systems different from the WRTS Marks and the WRTS System within and outside the Development Area regardless of their proximity to the Development Area; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, WRTS Branded Products within and outside the Development Area, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) produce, license, distribute and market WRTS Kid's Gym branded clothing, souvenirs and novelty items through any outlet, whether outside of the Development Area, regardless of its proximity to the Franchised Location, and through any distribution channel, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; (v) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (vi) to purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain

or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Area Developer acknowledges may be proximate to the WRTS Kid's Gyms); and (vii) open or operate and to franchise or license others to open or operate WRTS Kid's Gyms at any Non-Traditional Venue within and outside of the Development Area regardless of their proximity to any WRTS Kid's Gyms developed or under development by Area Developer.

2.5 Closures and Assignments. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, if, during the Term, Area Developer ceases to operate any WRTS Kid's Gym developed and Opened under this Agreement for any reason, Area Developer must develop a replacement WRTS Kid's Gym (a "Replacement Gym") to fulfill Area Developer's obligation to have Open and in operation the required number of WRTS Kid's Gyms at the expiration of each Development Period. Area Developer may not, however, cease operating any WRTS Kid's Gym or obtain a Replacement Gym without Franchisor's prior written consent. Area Developer must Open each Replacement Gym within twelve (12) months after the date of the closing of the WRTS Kid's Gym that it will replace (the "Replacement Gym Deadline"). If Area Developer fails to begin operating a Replacement Gym by its Replacement Gym Deadline, Area Developer shall pay Franchisor a Default Royalty Fee for each month following the Replacement Gym Deadline until that Replacement Gym begins operating. WRTS Kid's Gyms that are operating that are assigned to Affiliates of Area Developer with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to comply with the terms of this Agreement.

2.6 Additional Development Rights. If Area Developer satisfies the Development Obligation before the Expiration Date and desires to develop, open and operate additional WRTS Kid's Gyms in the Development Area, Area Developer shall have the right to extend the Term of this Agreement for an additional five (5) years on the terms and conditions set forth in this Section 2.6. If Area Developer desires to extend the Term of this Agreement for an additional five (5) years, Area Developer shall, no later than one hundred eighty (180) days prior to the Expiration Date, notify Franchisor in writing (the "Additional Development Notice") that Area Developer desires to do so and provide Franchisor with a proposal for the development of additional WRTS Kid's Gym in the Development Area (the "Additional Development Obligation"), setting forth the number of additional WRTS Kid's Gyms proposed to be opened by Area Developer, and the proposed opening dates for each WRTS Kid's Gym during the extended Term. Franchisor may, but has no obligation to, grant Area Developer the Additional Development Rights described in this Section 2.6 in its sole and absolute discretion.

2.6.1 If the Additional Development Obligation proposed by Area Developer is unacceptable to Franchisor, or if the Parties cannot reach an agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, this Agreement shall expire on the Expiration Date. Franchisor and Area Developer shall execute Franchisor's Then-Current Franchise Agreement for each additional WRTS Kid's Gym to be developed and opened in the Development Area by Area Developer. If the Additional Development Obligation proposed by Area Developer is acceptable to Franchisor, or if the Parties reach agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, Franchisor shall deliver to Area Developer its Then-Current form of WRTS Kid's Gym Area Development Agreement (the "Additional Area Development Agreement") setting forth the agreed upon Additional Development Obligation. Within thirty (30) days after Area Developer's receipt of the Additional Area Development Agreement, Area Developer shall execute the Additional Area Development Agreement, and return it to Franchisor. If Area Developer has

so executed and returned the Additional Area Development Agreement, and has satisfied the conditions precedent set forth in Section 2.6.2, Franchisor shall execute the Additional Area Development Agreement, and return a fully executed copy to Area Developer.

2.6.2 Franchisor shall execute the Additional Area Development Agreement, if, and only if, (i) Franchisor elects to grant the Additional Development Rights to Area Developer; (ii) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of the Additional Development Notice and on the date of Franchisor signs the Additional Area Development Agreement; (iii) Area Developer has demonstrated Area Developer's Then-Current financial ability to timely implement and complete the Additional Development Obligation; (iv) Area Developer continues to operate no less than the aggregate number of WRTS Kid's Gyms in the Development Area as required by the Development Obligation; (v) Area Developer has executed the Additional Area Development Agreement and delivered it to Franchisor together with the development fees and initial development fees payable to Franchisor for the Additional Development Rights; and (vi) Area Developer executes and delivers to Franchisor a General Release in a form acceptable to Franchisor.

2.7 Force Majeure. Neither Party will be in Default in the performance of its obligations under this Agreement if performance is prevented or delayed due to Force Majeure. If Area Developer is unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 5.4, which results in the inability of Area Developer to construct and Open the WRTS Kid's Gyms as required by this Agreement, Area Developer shall provide Franchisor, within five (5) days after the occurrence of an event that Area Developer believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Area Developer's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance by Area Developer shall be extended by the number of days equal to the number of days that the Force Majeure exists. Area Developer shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Area Developer's progress and diligence in responding to and overcoming the event of Force Majeure.

2.8 No Rights to Use the WRTS Marks or WRTS System. This Agreement is not a WRTS Franchise Agreement, and does not grant Area Developer any right to use the WRTS Marks or the WRTS System. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer's rights to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System will be granted to Area Developer solely under the terms of a WRTS Franchise Agreement. Area Developer shall not use WRTS Marks, the WRTS Proprietary Programs or the WRTS System in any manner or for any purpose before Area Developer and Franchisor execute a WRTS Franchise Agreement, including, without limitation, in connection with any offering of securities or any request for credit, without the prior written approval of Franchisor.

3. INITIAL TERM.

The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date. Except as provided in Section 2.6, this Agreement is not renewable.

4. PAYMENTS BY AREA DEVELOPER

4.1 Development Fee. On the Effective Date, Area Developer shall pay Franchisor a Development Fee to for the rights granted to Area Developer under this Agreement by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Development Fee is fully earned by Franchisor when paid and is nonrefundable, in whole or in part, under any circumstances.

4.2 Initial Franchise Fees. Area Developer shall pay Franchisor an Initial Franchise Fee for each WRTS Kid's Gym to be operated under this Agreement. Area Developer shall sign the Franchise Agreement for the first WRTS Kid's Gym and pay Franchisor the Initial Franchise Fee when Area Developer signs this Agreement in full on the Effective Date by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Initial Franchise Fee for each additional WRTS Kid's Gym shall be payable upon execution by Area Developer of each WRTS Franchise Agreement entered into for each WRTS Kid's Gym to be developed under this Agreement. The Initial Franchise Fee for each WRTS Kid's Gym is fully earned by Franchisor when paid and is non-refundable, in whole or in part, under any circumstances.

5. INITIAL SERVICES AND ONGOING OBLIGATIONS OF FRANCHISOR

5.1 Limited Obligations. Area Developer acknowledges and agrees that Franchisor's obligations under this Agreement are limited to identifying the Development Area and that Franchisor has no ongoing obligations for training or operational support for Area Developer under this Agreement. All initial and continuing obligations of Franchisor to Area Developer shall be provided by Franchisor under Franchisor's Then-Current Franchise Agreement for each WRTS Kid's Gym to be developed and opened in the Development Area by Area Developer.

5.2 Franchised Locations. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to diligently identify proposed sites for the WRTS Kid's Gyms. When Area Developer identifies a proposed site for a WRTS Kid's Gym, Area Developer shall submit to Franchisor all demographic and other information regarding the proposed site and neighboring areas that Franchisor shall require, in the form prescribed by Franchisor, and shall request Franchisor to consider and approve the site. If Franchisor accepts a proposed site, Franchisor shall notify Area Developer of its acceptance of the Franchised Location. Area Developer acknowledges and agrees that it is Area Developer's sole responsibility to identify and obtain each Franchised Location for the WRTS Kid's Gyms to be developed under this Agreement. Area Developer further acknowledges and agrees that it is Area Developer's sole responsibility to review and approve each Lease or purchase agreement for each WRTS Kid's Gym to be developed under this Agreement. Each Lease shall comply with the requirements set forth in Section 5.1 of Franchisor's current Franchise Agreement. Following Franchisor's approval of a Franchised Location, Area Developer shall execute Franchisor's Then-Current Franchise Agreement for the WRTS Kid's Gym to be located at the Franchised Location and return it to Franchisor within thirty (30) days after receipt of the execution copies of the Then-Current Franchise Agreement together with the applicable Initial Franchise Fee. If Area Developer has executed and returned the signed Then-Current Franchise Agreement and paid Franchisor the Initial Franchise Fee, Franchisor shall execute the Franchise Agreement and return one (1) fully executed copy of the Franchise Agreement to Area Developer.

5.3 Conditions to Franchisor's Obligations. To protect the WRTS System, the WRTS Marks, the WRTS Trade Secrets and the goodwill associated with the same, Area Developer acknowledges and agrees that, as a condition precedent to Area Developer's right to develop each WRTS Kid's Gym, all of the following conditions precedent must be satisfied and Franchisor shall execute a Then-Current Franchise Agreement for each WRTS Kid's Gym if, and only if (i) Area Developer has fully performed all of its obligations under this

Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of Franchisor's execution of a Franchise Agreement; (ii) Area Developer demonstrates Area Developer's Then-Current financial ability to implement and complete the construction and Opening of the WRTS Kid's Gyms; (iii) Area Developer has Opened and continues to operate no less than the aggregate number of WRTS Kid's Gyms required by the Minimum Development Obligation in compliance with the Development Schedule; (iv) Area Developer has executed a Then-Current Franchise Agreement and delivered it to Franchisor; (v) Area Developer executes and delivers a General Release to Franchisor in a form acceptable to Franchisor; and (vi) Area Developer has paid Franchisor the Initial Franchise Fee when Area Developer executed the Franchise Agreement and returned it to Franchisor.

6. OBLIGATIONS OF AREA DEVELOPER

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

6.1 Development and Operation of WRTS Kid's Gyms. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to faithfully, honestly and diligently develop, Open and operate the number of WRTS Kid's Gyms in the Development Area in order to satisfy the Development Obligation and the Development Schedule in accordance with the requirements of this Agreement and each WRTS Franchise Agreement for each WRTS Kid's Gym.

6.2 WRTS System. Area Developer shall operate the WRTS Kid's Gyms in compliance with the terms of the WRTS Franchise Agreements and the Manuals. Area Developer acknowledges and agrees that Area Developer alone shall exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gyms, including over Area Developer's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Area Developer further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System that Area Developer must comply with under the Franchise Agreements, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the WRTS Kid's Gyms, which Area Developer alone controls, but only constitute standards to which Area Developer must adhere when exercising Area Developer's control over the day-to-day operations of the WRTS Kid's Gyms consistent with the policies of Franchisor. Area Developer shall comply with each WRTS Franchise Agreement and shall develop and operate the WRTS Kid's Gyms in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Since every detail of the WRTS System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services sold by WRTS Kid's Gyms under the WRTS System and to protect the WRTS Marks and Franchisor's reputation and goodwill, Franchisor shall have the right to disapprove, as it believes necessary, any modification of, or addition to, the WRTS System suggested by Area Developer that is reasonably likely to have an adverse material effect on the WRTS System, the WRTS Marks or Franchisor's reputation or goodwill.

7. WRTS MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the WRTS Marks in order to identify for the public the source of services and products marketed under the WRTS Marks and the WRTS System, and to represent the WRTS System's high standards of quality, appearance and service. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

7.1 Ownership and Goodwill of WRTS Marks. Area Developer acknowledges that its right to use the WRTS Marks is derived solely from the WRTS Franchise Agreements between Area Developer and Franchisor. Any unauthorized use of the WRTS Marks by Area Developer shall constitute a Default under this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the WRTS Marks. Area Developer acknowledges and agrees that as between the Parties (i) Franchisor owns the WRTS Marks and the WRTS System; (ii) Area Developer owns no goodwill or rights in the WRTS Marks or the WRTS System except for the license granted by this Agreement; and (iii) Area Developer's use of the WRTS Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Area Developer agrees not to contest, or assist any other Person to contest, the validity of Franchisor's rights and interest in the WRTS Marks or the WRTS System either during the Term or after this Agreement terminates or expires.

7.2 Limitations on Use. Area Developer shall not use any WRTS Mark (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Area Developer under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Franchisor. Area Developer shall give all notices of trademark and service mark registration as Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under applicable law. Area Developer further agrees that no service mark other than "WE ROCK THE SPECTRUM KID'S GYM ~ [NAME OF CITY]" or other WRTS Marks specified by Franchisor shall be used in marketing, promoting, or operating the WRTS Kid's Gyms.

7.3 Internet. Area Developer shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, web site, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the WRTS Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Area Developer shall not separately register any domain name or any portion of any domain name containing the WRTS Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the WRTS Marks without Franchisor's prior written consent. Area Developer's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Area Developer commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Area Developer.

8. CONFIDENTIAL INFORMATION

8.1 WRTS Confidential Information. Area Developer acknowledges and agrees that the WRTS System is comprised of confidential information that has been developed by Franchisor and the Operating Company by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor and the Operating Company and their Affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, methods, sources of materials and equipment, customer management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, Persons or Entities, knowledge or know-how concerning the methods of operation of the WRTS Kid's Gym which may be communicated to Area Developer, or of which Area Developer may be apprised under the terms of this Agreement, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the "WRTS Confidential Information"). WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Area Developer prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Area Developer after receiving it; has been received lawfully and in good faith by Area Developer from a third party who did not derive it from Franchisor or Area Developer; or is shown by acceptable evidence to have been independently developed by Area Developer.

8.2 Value. Area Developer acknowledges and agrees the WRTS Confidential Information is not generally known by the public or Persons other than Franchisor, its Affiliates, its franchisees and Area Developer; derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor, its franchisees or Area Developer; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the WRTS Confidential Information, including, without limitation (i) not revealing the WRTS Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the WRTS Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the WRTS Confidential Information; (iv) monitoring electronic access to the WRTS Confidential Information by the use of passwords and other restrictions so that electronic access to the WRTS Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all WRTS Confidential Information to Franchisor upon the termination or expiration of their WRTS Franchise Agreements.

8.3 Maintain Confidentiality. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or WRTS Confidential Information. Area Developer shall divulge the WRTS Confidential Information only to its supervisorial or managerial personnel who must have access to it in order to perform their employment responsibilities.

8.4 Irreparable Injury from Disclosure of WRTS Confidential Information. Area Developer acknowledges that failure to comply with the requirements of this Article 8 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 8.

8.5 Confidentiality Covenants from Individuals Associated with Area Developer. Area Developer shall require any supervisorial or managerial personnel who may have access to any WRTS Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the WRTS Confidential Information they receive in connection with their association with Area Developer. The covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of the covenants with the independent right to enforce them.

8.6 No Restriction. Nothing in this Article 8 is intended to prohibit or restrict any activity which prohibition or restriction violates Area Developer's employees' rights to engage in protected concerted activity under the National Labor Relations Act.

9. TRANSFER OF INTEREST

9.1 Transfer by Franchisor.

9.1.1 Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any Person or Entity without the consent or approval of Area Developer. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, the WRTS Marks, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring (collectively, a "Capital Event"), all without the consent or approval of Area Developer. In connection with any of the foregoing, at Franchisor's request, Area Developer shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Area Developer is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Area Developer agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

9.1.2 Upon the occurrence of a Capital Event, Franchisor shall have the right (the "Take-Along Right") to compel Area Developer to sell and, in that event, Area Developer shall sell the assets of any or all of the WRTS Kid's Gyms, regardless of whether the WRTS Kid's Gyms are under construction or are Open and operating (collectively the "Take-Along Assets") at the same value attributable to WRTS Kid's Gyms owned and operated by Franchisor or its Affiliates at the closing of a Capital Event. Franchisor shall exercise this Take-Along Right to compel the sale of the Take-Along Assets by Area Developer by providing Area Developer with written notice (the "Take-Along Notice") setting forth the time and place of the closing of the Capital Event, which time and place shall not be less than thirty (30) days after the date of the Take-Along Notice, and the expected price and form of consideration to be paid for the Take-Along Assets at the closing.

9.2 Assignment by Area Developer. Area Developer acknowledges and agrees that the rights granted to Area Developer under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Area Developer and, if Area Developer is an Entity, that of the Owners. Accordingly, to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Area Developer acknowledges and agrees that Area Developer has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly (i) any interest in this Agreement; or (ii) the right to use the WRTS System or the WRTS Marks granted pursuant to this Agreement (an "Assignment") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Area Developer satisfies the conditions to the Assignment identified in this Agreement.

9.2.1 Unless the Parties otherwise agree in writing, Area Developer shall not make any Assignment of this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all WRTS Kid's Gyms then owned and operated by Area Developer in the Development Area. As a condition to Franchisor's consent to the Assignment, the assignee must execute Franchisor's Then-Current form of WRTS Franchise Agreement for each WRTS Kid's Gym sold to the assignee. Further, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion (i) Area Developer shall not offer for sale or transfer at public or private auction any of the rights of Area Developer under this Agreement; and (ii) Area Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Area Developer shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

9.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to Assignment identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Area Developer pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20% in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Developer, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Area Developer; (iv) the issuance of any securities by Area Developer which itself or in combination with any other transactions results in the Owners, as constituted on the Execution Date, owning less than forty

percent (40%) of the outstanding Equity or voting power of Area Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Area Developer, however effected. Area Developer shall promptly provide Franchisor with written notice (stating information that Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Area Developer Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "Assignment" as defined under this Article 9.

9.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Area Developer of all of Area Developer's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "Qualified Assignment"). Any attempted or purported Assignment which fails to comply with the requirements of this Article 9 shall be null and void and shall constitute a Default under this Agreement.

9.3. Right of First Refusal. Except with respect to a "Qualified Assignment", if Area Developer or an Owner receive a bona fide written offer ("Third Party Offer") from a third party (the "Proposed Buyer") to purchase or otherwise acquire any interest in Area Developer which will result in an Assignment within the meaning of this Agreement, Area Developer or the Proposed Buyer, shall, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to all of the WRTS Kid's Gyms then owned and operated by Area Developer in the Development Area.

9.3.1 Area Developer, or the Proposed Buyer, shall attach to its application for consent to complete the transfer a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement; and (iii) any other information material to the Third Party Offer, proposed transferee and proposed assignment or that Franchisor requests.

9.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("Purchase Notice") given to Area Developer or the Proposed Buyer, within thirty (30) days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Area Developer or the Proposed Buyer that it will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price the amount of all amounts then due and owing from Area Developer to Franchisor under this Agreement or otherwise.

9.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

9.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Area Developer. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 9.3.

9.4 Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

9.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new WRTS Area Developers, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

9.4.2 Area Developer must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

9.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Area Developer or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

9.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Area Development Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects. In exchange for signing the Then-Current Area Development Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement, as modified by the terms of the Then-Current form of Area Development Agreement. If the Proposed Buyer is an Entity, each Owner and each Owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations under the Then-Current Area Development Agreement under a Guarantee in substantially the form of Exhibit C. If Franchisor is not offering new area development franchises, is in the process of revising, amending or renewing Franchisor's form of Area Development Agreement or Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Area Development Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the term of this Agreement on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Area Development Agreement.

9.4.5 Area Developer will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Assignment, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of WRTS Confidential Information.

9.4.6 Area Developer and the Proposed Buyer shall execute a General Release in favor of Franchisor.

9.4.7 Area Developer shall pay Franchisor the Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

9.4.8 Area Developer shall pay Franchisor the then-Current "Transfer Broker Fee" if Area Developer uses one of Franchisor's representatives to assist in the Assignment of the Area Development Agreement to a third-party purchaser.

9.4.9 Area Developer must simultaneously transfer its rights all contracts for which continuation is necessary for operation of the WRTS Kid's Gyms to the Proposed Buyer and satisfy any separate conditions to

obtain any third party consents required for the transfer of Area Developer's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained. If the Proposed Buyer is a corporation, limited liability company or other business Entity, each Person who at the time of the Assignment, or later, owns or acquires, either legally or beneficially, twenty percent (20%) or more of the Equity or voting interests of the Proposed Buyer must execute a Guarantee in a form acceptable to Franchisor.

9.4.10 Area Developer's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Area Developer and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Area Developer only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

9.4.11 Except when the transferee is an existing Area Developer or franchisee of Franchisor, the Proposed Buyer, and a supervisorial or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the WRTS Kid's Gyms who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Program prior to the effective date of the Assignment.

9.4.12 The Proposed Buyer must conform the WRTS Kid's Gyms with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new WRTS Kid's Gyms.

9.4.13 Area Developer must sign a Guarantee in substantially the form of Exhibit C under which Area Developer will personally guarantee the Proposed Buyer's obligations under the new Area Development Agreement in favor of Franchisor.

9.5 Death or Incapacity. In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Person, or the remaining shareholders, members, partners or owners (the "Successor") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated Person; or (ii) complete an Assignment of the interest of the deceased or incapacitated Person to a qualified, approved third party, subject to the provisions of this Article 9. If a Successor has not purchased the interest of the deceased or incapacitated Person or completed an Assignment of the interest of the deceased or incapacitated Person to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

9.6 Restriction on Publicly Traded and Private Securities. Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Area Developer shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Area Developer and Franchisor, and its Affiliates. Franchisor may, at its option, require Area Developer's offering materials to contain a written statement prescribed by Franchisor

concerning the limitations described in the preceding sentence. Area Developer, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Area Developer shall pay to Franchisor a non-refundable fee of $10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 9.

10. TRANSFER BY AREA DEVELOPER IN BANKRUPTCY

If, for any reason, this Agreement is not terminated pursuant to Section 11.1 and this Agreement is assumed, or Assignment of the same to any Person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (a) the name and address of the proposed assignee; and (b) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Area Developer out of the consideration to be paid by the assignee for the Assignment of this Agreement.

11. DEFAULT AND TERMINATION

11.1 Termination On Area Developer's Bankruptcy or Insolvency. Area Developer shall be deemed to be in Default under this Agreement, and all rights granted to Area Developer of this Agreement shall automatically terminate without notice to Area Developer (i) if Area Developer or its Principal Owner becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed under the United States Bankruptcy Act by Area Developer or its Principal Owner or such a petition is filed against and not opposed by Area Developer or its Principal Owner; (iii) if Area Developer or its Principal Owner is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or its Principal Owner or other custodian for any WRTS Kid's Gym is filed and consented to by Area Developer or its Principal Owner; (v) if a receiver or other custodian (permanent or temporary) of Area Developer's or its Principal Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Area Developer or its Principal Owner; (vii) if a final judgment in excess of $100,000 against any WRTS Kid's Gyms remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Area Developer or its Principal Owner admits Area Developer or its Principal Owner is unable to generally pay Area Developer's or its Principal Owner's debts as they become due; (ix) if execution is levied against any WRTS Kid's Gym or property; (x) if suit to foreclose any lien or mortgage against any WRTS Kid's Gym or the equipment of any WRTS Kid's Gym is instituted against Area

Developer or its Principal Owner and not dismissed within thirty (30) days; or (xi) if any WRTS Kid's Gym shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 Termination With Notice and Without Opportunity to Cure. Area Developer shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Developer any opportunity to cure the Default, effective immediately upon receipt of notice by Area Developer (i) if Area Developer or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the WRTS System, the WRTS Marks, the goodwill associated therewith, or Franchisor's interest therein; (ii) if Area Developer fails to comply with the Development Schedule; (iii) if any of the WRTS Franchise Agreements or any other agreement between Area Developer and Franchisor or its Affiliates are terminated due to a Default by Area Developer; (iv) if any purported assignment or transfer of any direct or indirect interest in this Agreement, in the WRTS Kid's Gyms, or in all or substantially all of Area Developer's assets is made to any third party by Area Developer or an Owner without Franchisor's prior written consent; (v) if any Assignment of the Equity ownership interests of Area Developer or an Owner is made to any third party without Franchisor's prior written consent; (vi) if Area Developer or an Owner discloses or divulges the contents of Franchisor's Manuals, WRTS Trade Secrets or other WRTS Confidential Information provided to Area Developer by Franchisor; (vii) if an approved Assignment, as required by Section 9.5, is not effected within the time provided following death or incapacity of an Owner; (viii) if Area Developer or an Owner fails to comply with the covenants in Article 13 or fails to obtain execution of and deliver the covenants required under Section 13.7; (ix) if Area Developer or an Owner has made any material misrepresentations in connection with their application to Franchisor for the development rights granted by this Agreement; (x) if Area Developer or an Owner, after curing a Default pursuant to Section 11.3, commits the same, similar, or different Default, whether or not cured after notice; (xi) if any Owner fails or refuses to deliver to Franchisor, within ten (10) days after Franchisor's written request, a Guarantee in substantially the form attached to this Agreement as Exhibit C and current financial statements as may from time to time be requested by Franchisor; (xii) if Area Developer, an Owner or an Affiliate fails to comply with any or all of the terms of this Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer or an Owner beyond the applicable cure period; (xiii) upon a Default of Area Developer's obligations under this Agreement or any other agreement between Area Developer and Franchisor, which by its nature is not capable of being cured by Area Developer, (xiv) if funding promised or otherwise represented to be made available to Area Developer or its Owners on the condition that Area Developer sign this Agreement is not made available to Area Developer or its Owners within ten (10) business days after Area Developer signs this Agreement, (xv) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Developer or any of its Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with Area Developer's development of WRTS Kid's Gyms, whether such conduct is directed at or reasonably expected to impact Area Developer's development of WRTS Kid's Gyms, the System, the Franchisor or its Affiliates, suppliers, other area developers, or another third party, or (xvi) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Developer or any of its Owners, officers, or directors has engaged in any lewd or immoral conduct, whether or not in connection with Area Developer's development of WRTS Kid's Gyms.

11.3 Termination With Notice and Opportunity to Cure. Except as provided in Section 11.1 and Section 11.2, Area Developer shall have thirty (30) days after its receipt of written notice from Franchisor within which to remedy any Default under this Agreement and to provide evidence thereof to Franchisor. If any 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 Area Developer effective immediately upon expiration of the thirty (30) day period or such longer period as Applicable Law may require. Area Developer shall be in Default

pursuant to this Section 11.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or for failure to carry out the terms of this Agreement in good faith.

11.4 Options At Termination. Upon any Default under Section 11.2 or Section 11.3, Franchisor may immediately take any one or more of the following actions, by written notice to Area Developer: (i) terminate this Agreement and all rights granted to Area Developer under this Agreement; (ii) accelerate or decelerate the Development Schedule; (iii) reduce the Development Obligation; (iv) eliminate or diminish Area Developer's rights with respect to the Development Area or the size of the Development Area; or (v) increase the fees to be paid by Area Developer to Franchisor.

11.5 Cross-Default. Any Default by Area Developer under the terms and conditions of this Agreement, any WRTS Franchise Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer, shall be deemed to be a Default of each and every other agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its Affiliates, and Area Developer, Franchisor may, at its option, terminate any or all of the other agreements.

12. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Area Developer shall forthwith terminate, and the following provisions shall apply:

12.1 No Right to Open Additional WRTS Kid's Gyms. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, upon termination or expiration of this Agreement: (i) Area Developer shall have no further right to develop any WRTS Kid's Gyms; (ii) Area Developer shall have no further rights or obligations under this Agreement or the WRTS Franchise Agreements that were terminated; (iii) Area Developer shall have the right to continue to own and operate all WRTS Kid's Gyms Opened by Area Developer prior to the termination date under WRTS Franchise Agreements with Franchisor that remain in full force and effect on the termination date; and (iv) Franchisor may thereafter develop, open and operate, and grant franchises to third parties to develop, open and operate WRTS Kid's Gyms at any location within or outside of the Development Area, without restriction.

12.2 Payment of Monies Due. Upon termination or expiration of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its Affiliates. If this Agreement is terminated because of a Default by Area Developer, the sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor as a result of the Default. Franchisor shall have the right to set off any amounts which Franchisor deems are payable to Franchisor by Area Developer.

12.3 Return of Materials and Information. Upon termination or expiration of this Agreement, Area Developer shall immediately deliver to Franchisor all other records, files, and any instructions containing WRTS Confidential Information which are in Area Developer's possession and all copies thereof (all of which are acknowledged to be the property of Franchisor).

13. COVENANTS

13.1 No Prior Experience, Information or Knowledge. Area Developer specifically acknowledges and agrees that prior to becoming an area developer of Franchisor, Area Developer had no experience, information or knowledge whatsoever about children's gyms or businesses that offer indoor, outdoor, or mobile play

centers for children, or which feature any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and that Area Developer's knowledge of the WRTS Confidential Information was obtained solely from Franchisor, following Area Developer's training by Franchisor and Area Developer's subsequent operation of the WRTS Kid's Gym under the WRTS Franchise Agreement. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

13.2 Non-Competition During Term of Agreement. Area Developer and each Restricted Person covenants that during the Term, except as otherwise approved in writing by Franchisor, Area Developer and each Restricted Person shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person, or Entity (i) divert or attempt to divert any present or prospective WRTS customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System; or (ii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 13.2 shall not apply to any Restricted Person after two (2) years from the date the Restricted Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer.

13.3 Non-Competition After Expiration or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) an Assignment permitted under Article 9; (ii) the Expiration Date of this Agreement; (iii) the termination of this Agreement (regardless of the cause for termination); or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 13.3, and continuing for an uninterrupted period of two (2) years thereafter, Area Developer and each Restricted Person shall not, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business within a twenty (20) mile radius of any Franchised Location or other WRTS Kid's Gym; provided, however, the restrictions stated in this Section 13.3 shall not apply to any Restricted Person after two (2) years from the date the Restricted Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer in the Development Area.

13.4 Exceptions to Non-Compete Covenants. Section 13.2 and Section 13.3 shall not apply to ownership by Area Developer or a Restricted Person of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

13.5 Reducing Scope of Covenants. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 13.2 and Section 13.3, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.6 Enforceability of Covenants Not Affected by Area Developer Claims. The existence of any claims Area Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 13. Area Developer shall pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 13.

13.7 Covenants from Individuals. Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 13 (including covenants applicable upon the termination of a Person's relationship with Area Developer) from all Restricted Persons. Every covenant required by this Section 13.7 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

13.8 Breach of Covenants Causes Irreparable Injury. Area Developer acknowledges that the violation of any covenant in this Article 13 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the conduct or action.

13.9 Effect of Applicable Law. In the event any portion of the covenants in this Article 13 violates laws affecting Area Developer, or is held invalid or unenforceable in a final judgment to which Franchisor and Area Developer are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Area Developer. The provisions of this Article 13 shall be in addition to and not in lieu of any other confidentiality obligation of Area Developer, or any other Person, whether pursuant to another agreement or pursuant to Applicable Law.

13.10 Survival. The provisions of this Article 13 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the WRTS Marks, the WRTS System, the WRTS Confidential Information, the WRTS Trade Secrets, or any other proprietary aspects of Franchisor's business.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 No Fiduciary Relationship. This Agreement does not create a fiduciary relationship between the Parties. Area Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

14.2 Public Notice of Independent Status. Area Developer shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Area Developer of Franchisor, and shall place the notice of independent ownership on all forms. Franchisor shall have the right to specify the language of any such notice.

14.3 Independent Contractor. Area Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, nor shall Franchisor be liable by reason of any act or

omission of Area Developer in its conduct of the operation of the WRTS Kid's Gyms or for any claim or judgment arising therefrom against Area Developer or Franchisor.

14.4 Indemnification. Area Developer and its Owners and Affiliates (collectively, the "Indemnitors") shall indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "Indemnitees"), from any and all "Losses and Expenses" incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, and regardless of whether the same is between Indemnitors and Indemnities (collectively, an "Indemnifiable Claim") which arises directly or indirectly from, as a result of, or in connection with Area Developer's operation of a WRTS Kid's Gym and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Area Developer; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 14.4 shall extend to any finding of comparative negligence or contributory negligence attributable to Area Developer). For the purpose of this Section 14.4, the term "Losses and Expenses" means and 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 a Party's reputation and goodwill, and all other costs associated with any of the foregoing Losses and Expenses.

14.4.1 The Indemnitees shall give the Indemnitors prompt notice of any Indemnifiable Claim of which the Indemnitees are aware for which indemnification is required under this Section 14.4. The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against the Indemnitees (a "Third Party Claim") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against the Indemnitees (a "Direct Claim"), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known. If, through the fault of the Indemnitees, the Indemnitors do not receive notice of any Indemnifiable Claim in time to effectively contest the determination of any Losses and Expenses susceptible of being contested, the Indemnitors shall be entitled to set off against the amount claimed by the Indemnitees the amount of any Losses and Expenses incurred by the Indemnitors resulting from the Indemnitees' failure to give the notice on a timely basis.

14.4.2 With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume the control shall be made within thirty (30) days after the Indemnitors' receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement or defenses of the Third Party Claim and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless the Indemnitors consent to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the Indemnitees are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitees by the same counsel would be appropriate because of the absence of any actual or potential differing interests between them (such as the availability of different defenses).

14.4.3 If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time, the Indemnitees shall be entitled to assume control and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant

with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make the payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

14.4.4 If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees, which consent shall not be unreasonably withheld or delayed. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they become available).

14.4.5 With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make the investigation of the Direct Claim as is considered necessary or desirable. For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Article 15.

14.4.6 The Indemnitees shall exert commercially reasonable efforts to mitigate the Losses and Expenses upon and after becoming aware of any Indemnifiable Claim which could reasonably be expected to give rise to the payment of Losses and Expenses.

15. DISPUTE RESOLUTION

15.1 Judicial Relief. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gyms are located outside of California and the provision would be enforceable under the laws of the state in which the WRTS Kid's Gyms are located, then the provision shall be interpreted and construed under the laws of that state. Nothing in this Section 15.2 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

15.2 Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or a Default under this Agreement must be

commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. the Parties, for themselves, and for and on behalf of the Owners, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, the Parties shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 15.4.

15.3 Specific Performance. The Parties acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, the Parties agree that the provisions of this Agreement shall be specifically enforceable. The Parties further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Area Developer might otherwise have.

15.4 Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a Court.

15.5 Exclusive Remedy. In no event shall either Party make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any such claim for damages. Neither Party may claim any such damages by way of setoff, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

16. ANTI-TERRORISM LAWS

Area Developer shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "Anti-Terrorism Laws"). In connection with its compliance, Area Developer certifies, represents and warrants that none of Area Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Developer is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Area Developer or Area Developer's employees or any "blocking" of Area Developer's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Area Developer has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 11.2.

17. NOTICES

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by

Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock the Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Area Developer: See Exhibit A

Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

18. ACKNOWLEDGMENTS.

18.1 Waiver and Delay. No waiver by Franchisor of any Default, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Area Developer's obligations under this Agreement or any WRTS Franchise Agreement or other agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

18.2 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the termination or expiration of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

18.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and

its or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

18.4 Joint and Several Liability. If Area Developer consists of more than one Owner, the obligations and liabilities of each Person or Entity to Franchisor are joint and several.

18.5 Entire Agreement. This Agreement and the Exhibits contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement and Area Developer agrees that it has executed this Agreement without reliance upon any representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations made in the franchise disclosure document previously furnished to Area Developer.

18.6 Titles and Recitals. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The statements set forth in Recitals A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

18.7 Responsibility. The term "Area Developer" as used in this Agreement shall refer to each Person executing this Agreement as Area Developer, whether the Person is one of the Owners, spouses, partners, shareholders, members, trustees, trustors or beneficiaries or Persons named as included in Area Developer, and shall apply to each Person as if he or she were the only named Area Developer in this Agreement. If Area Developer consists of more than one Owner, the obligations and liabilities of each Owner to Franchisor are joint and several.

18.8 Gender and Construction. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Area Developer that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions,

one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

18.9 Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

18.10 Counterparts and Electronic Transmission. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

18.11 Electronic Execution and Copies. This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (collectively, "electronic"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Area Developer acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

18.12 Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

18.13 Intent to Comply. Area Developer has read this Agreement and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and the uniformity of those standards at all WRTS Kid's Gyms in order to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System. Area Developer, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply with the terms of this Agreement and be bound by

the terms of this Agreement. Franchisor expressly disclaims making, and Area Developer acknowledges that it or they have not received any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

18.14 Business Judgment. Notwithstanding any provision in this Agreement to the contrary, Area Developer and the Owners acknowledge and agree that:

18.14.1 This Agreement (and the relationship of the Parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the explicit rights and obligations of Area Developer and the Owners hereunder that may affect Area Developer and the Owners' interests favorably or adversely. Franchisor shall use its Business Judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the WRTS System and other WRTS area developers, WRTS Kids Gyms generally, and specifically without considering the individual interests of Area Developer or the Owners or the individual interests of any other WRTS area developer. Area Developer and the Owners acknowledge and agree that Franchisor shall have no liability to Area Developer or the Owners for the exercise of its discretion in this manner; and even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion. If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction are challenged for any reason, the Parties expressly direct the trier of fact to find that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

18.14.2 In granting its approval of the Franchised Locations, designating suppliers, setting standards and the like, Franchisor shall exercise its Business Judgment. However, in the exercise of its Business Judgment, Franchisor shall not be liable to Area Developer or the Owners or anyone else, if Franchisor's exercise of its Business Judgment results in a business loss or if the products or services provided fail to meet the expectations of Franchisor, Area Developer, the Owners or other parties. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Area Developer uses, purchases, retains or hires pursuant to Franchisor's exercise of its Business Judgment.

18.15 Independent Investigation. Area Developer has conducted an independent investigation of the business contemplated by this Agreement. Area Developer recognizes that the WRTS System may evolve and change over time, that an investment in this franchise involves business risks, and that the success of the investment depends upon Area Developer's business ability and efforts.

18.16 Counsel. The Parties acknowledge and agree that each Party has been represented by independent legal counsel their choice in connection with this Agreement or has had the opportunity to have legal counsel review this Agreement and advise the Party regarding the same, but has voluntarily chosen not to do so.

18.17 Reliance. Area Developer has not received or relied upon any promise or guarantee, express or implied, about the revenues, profits or success of the business venture contemplated by this Agreement.

18.18 No Representations. No representations have been made by Franchisor or its Affiliates or their respective officers, directors, shareholders, employees or agents that are contrary to the terms contained in this Agreement. Area Developer shall remain duly organized and in Good Standing for as long as this Agreement is in effect.

18.19 Atypical Arrangements. Area Developer acknowledges and agrees that Franchisor may modify the offer of its franchises to other WRTS area developers and franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions, and obligations in this Agreement. Area Developer further acknowledges and agrees that Franchisor has made no warranty or representation that area development agreements or franchise agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other WRTS area developers and franchisees in a non-uniform manner.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT INFORMATION

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT INFORMATION

EFFECTIVE DATE: _____.

AREA DEVELOPER: _____.

DEVELOPMENT AREA is defined as the territory within the boundaries described below:

_____
_____
_____

If the Development Area is defined by streets, highways, freeways or other roadways then the boundary of the Development Area shall extend to the center line of each street, highway, freeway or other roadway.

DEVELOPMENT OBLIGATION: _____ WRTS KID'S GYMS.

DEVELOPMENT SCHEDULE: _____ WRTS Kid's Gyms must be Opened within ___ months from the Effective Date as follows:

DEVELOPMENT PERIOD ENDING	CUMULATIVE NUMBER OF WRTS KID'S GYMS TO BE IN OPERATION
TOTAL	

DEVELOPMENT FEE: $_____ (@ $10,000 for each WRTS Kid's Gym).

NOTICE ADDRESS FOR AREA DEVELOPER:_____
_____;
Email: _____.

COUNTERPARTS AND ELECTRONIC TRANSMISSION; ELECTRONIC SIGNATURES:

This Exhibit A may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Exhibit A with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Exhibit A for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Exhibit A. In addition, this Exhibit A may be signed electronically by the Parties

and electronic signatures appearing on this Exhibit A shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Exhibit A.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

Area Developer represents and warrants that the following information is accurate and complete in all material respects:

(1) Area Developer is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): _____

State of incorporation/organization: _____
Name of Area Developer Entity: _____

(2) Area Developer shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

(3) Area Developer promptly shall provide all additional information as Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Area Developer.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The names, addresses and titles of the Owners who will be devoting their full time to the development of WRTS Kid's Gyms are:

NAME	ADDRESS	TITLE

(6) The address where Area Developer's financial records and Entity Documents are maintained is: _____.

(7) The Principal Owner is _____.

(8) Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Development Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer. In addition, Area Developer shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects. Franchisor grants Area Developer the rights in the Area Development Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

(9) This Exhibit B may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Exhibit B with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Exhibit B for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Exhibit B. In addition, this Exhibit B may be signed electronically by the Parties and electronic signatures appearing on this Exhibit B shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Exhibit B.

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR

NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT

The undersigned ("Guarantors") have requested WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), to enter into that certain Area Development Agreement dated _____ (the "Area Development Agreement") with _____, a _____ ("Area Developer"). In consideration for, and as an inducement to, Franchisor's execution of the Area Development Agreement, Guarantors hereby grant this guarantee (this "Guarantee") and agree as follows:

1. "Obligations" means and includes any and all obligations of Area Developer arising under or pursuant to the Area Development Agreement and all other obligations, whether now existing or hereafter arising, of Area Developer to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Area Developer to Franchisor and the performance of any and all obligations of Area Developer including, without limitation, obligations under the Area Development Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Area Developer fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Area Development Agreement is not observed, performed or discharged as required by the Area Development Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Area Developer or any other Person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisor. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Area Development Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Area Development Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Area Development Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Area Development Agreement (or any of them) by Franchisor or Area Developer; (iv) the invalidity or unenforceability of any provision of the Area Development Agreement or any of the

Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Area Development Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Area Developer or any other Person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Area Developer's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Area Developer, any other or others; (iv) any defense arising out of any alteration of the Area Development Agreement or the Obligations; (v) notice of Area Developer's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Area Developer, Franchisor, any endorser, creditor of Area Developer or Guarantors under this or any other instrument, or any other Person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Area Developer by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Area Developer, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Area Developer's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Area Developer. All existing or future indebtedness of Area Developer to Guarantors and any right to withdraw capital invested in Area Developer by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of: (i) all rights described in California Civil Code Sections 2856(a)(1) through (a)(3), inclusive, including, without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Area Developer's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, amendments, modifications, substitutions or replacements of the Area Development Agreement and until all

Obligations has been fully paid and the Obligations have been fully performed. In the event of any default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Area Developer or whether Area Developer is joined in any such action or actions. Franchisor may maintain successive actions for other defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Area Developer and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Area Developer or any other Person or Entity, or applying or enforcing any security of the Area Development Agreement. Guarantors acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Area Development Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 17 of the Area Development Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantor's signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

Executed by or on behalf of Guarantors on the date set forth below.

_____

_____ _____

_____

_____

_____ _____

_____

_____

_____ _____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C
PURCHASED SERVICES COMPLIANCE AND INDEMNITY AGREEMENT

PURCHASED SERVICES
COMPLIANCE AND INDEMNITY AGREEMENT

THIS PURCHASED SERVICES COMPLIANCE AND INDEMNITY AGREEMENT (this "Agreement") is made and entered into as of _____, (the "Effective Date"), by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and _____, a _____ ("Franchisee"), on the other hand, who are individually referred to as a "Party" and collectively referred to as the "Parties", with reference to the following facts:

A. We Rock The Spectrum Kid's Gym, LLC, a California limited liability company, an affiliate of Franchisor, as the result of the expenditure of time, skill, effort and money, has developed the "WRTS System" for the operation of "WRTS Kid's Gyms" that provide a safe, nurturing and fun environment for all children to foster learning, exploration and safe sensory experiences. Franchisor has obtained the right to use and to license others to use the "WRTS Marks", the "WRTS Proprietary Programs" and the "WRTS System" from its affiliate.

B. Franchisor has entered into a Multi-Facility Subscriber Agreement (the "MFS Agreement") with MindBody, Inc. ("MindBody") under which MindBody has granted Franchisor, as the "Subscriber", a license to provide Franchisor and its franchisees (the "WRTS Franchisees") with certain online business management services (the "Purchased Services") necessary for the operation of WRTS Kid's Gyms. All WRTS Franchisees are required to use the Purchased Services to operate their WRTS Kid's Gyms. The MFS Agreement provides that Franchisor and MindBody will enter into "Third Party Access Addendums" for each WRTS Franchisee under which MindBody will grant each WRTS Franchisee a "Third Party Access License" to use the Purchased Services to operate its WRTS Kid's Gym under the terms and conditions set forth in the MFS Agreement and the Third Party Access Addendum. For purposes of this Agreement, the "MFS Agreement" means and includes the MFS Agreement, the Third Party Access Addendum, the Terms of Service, the Privacy Policy, the Security Policy and the Schedule of Purchased Services, copies of which are attached as Exhibit A.

C. The MFS Agreement requires Franchisor to enter into a written agreement with each WRTS Franchisee under which each WRTS Franchisee will agree to be bound by the terms and conditions set forth in the MFS Agreement and the Third Party Access Addendum. The Parties desire to enter into this Agreement to comply with these terms and conditions in the MFS Agreement.

NOW, THEREFORE, IT IS AGREED:

1. COMPLIANCE WITH MFS AGREEMENT.

Franchisee shall use the Purchased Services in the operation of the WRTS Kid's Gym and shall comply with all of the terms and conditions contained in the MFS Agreement, the Franchise Agreement and this Agreement in doing so. Franchisee shall use the Purchased Services only in connection with Franchisee's operation of the WRTS Kid's Gym at the Franchised Location. Franchisee expressly assumes all of the duties and obligations imposed upon Franchisor under the terms of the MFS Agreement with respect to the duties and obligations of the "Franchisee" under the MFS Agreement and the use of the Purchased Services at the WRTS Kid's Gym. All applicable terms and conditions of the MFS Agreement are incorporated into and made a part of this Agreement as if Franchisee were the "Subscriber" thereunder, except as otherwise specifically provided in this Agreement or as the context of the MFS Agreement indicates otherwise. Franchisee shall not commit or suffer any act or omission that will violate any of the provisions of the MFS Agreement. In the event any inconsistency arises regarding the obligations of Franchisee under the MFS Agreement and the obligations of

Franchisee under this Agreement or the Franchise Agreement, the more stringent obligations shall be binding upon Franchisee.

2. TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date and shall expire upon the expiration or termination of the MFS Agreement or the Franchise Agreement, whichever shall first occur, unless sooner terminated under the terms of this Agreement.

3. TERMINATION OR EXPIRATION

Upon termination or expiration of the MFS Agreement or the Franchise Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate and Franchisee shall immediately and permanently cease to use the Purchased Services. Any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between Franchisor, or its affiliates, shall be deemed to be a default of each and every other such agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its affiliates, and Franchisee, for any cause, Franchisor may, at its option, terminate this Agreement and/or any or all of such other agreements. The termination of this Agreement shall be without prejudice to any other remedy or cause of action which Franchisor may have against Franchisee to recover damages for any breach hereof.

4. INDEMNITY

Franchisee shall indemnify and hold harmless to the fullest extent by law, Franchisor, its affiliates and their respective directors, officers, employees, shareholders and agents, (collectively the "Indemnitees") from any and all "losses and expenses" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, or claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with Franchisee's acts or omissions under the MFS Agreement. For the purpose of this Article 4, the term "losses and expenses" shall be deemed to 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 losses and expenses.

5. ASSIGNMENT

Franchisee shall not sell, encumber, assign, transfer, convey, pledge, merge, license or give away any direct or indirect interest in the rights to use the Purchased Services under this Agreement. Any purported assignment or transfer shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate this Agreement.

6. INJUNCTIVE RELIEF.

Franchisee acknowledges that failure to comply with the terms of this Agreement will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Agreement.

7. WARRANTIES; LIMITATION OF LIABILITY

Franchisor does not provide any warranties, expressed or implied, including any warrantee of merchantability or fitness for a particular purpose, with respect to the Purchased Services. Franchisor shall not be liable for any loss of profit, loss of business or other financial loss which may be caused by, directly or indirectly, the inadequacy of the Purchased Services for any purpose or any use thereof or by any defect or deficiency therein.

8. WAIVERS

No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants thereof, and no custom or practice by the Parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Franchisee, or as to a subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any performance by Franchisee under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

9. ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

9.1 Entire Agreement. This Agreement, any attachments hereto, the MFS Agreement, and any ancillary agreements between Franchisee and Franchisor or any affiliate which are executed contemporaneously with this Agreement concerning the subject matter of this Agreement constitute the entire and complete Agreement between Franchisor (and, if applicable, any affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements. No amendment, change, or variation 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.

9.2 Severability and Construction. Except as expressly provided to the contrary herein, each section, paragraph, part, term, and provision of this Agreement shall be considered severable; and if, for any reason, any section, paragraph, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the Parties hereto; and the invalid portions, sections, paragraphs, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement. Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been review by all Parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all Parties to this Agreement. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

9.3 Survival of Obligations After Expiration or Termination. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

9.4 Survival of Modified Provisions. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

9.5 Captions. All captions in this Agreement are intended for the convenience of the Parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

9.6 Incorporation of Recitals. The recitals set forth in Paragraphs A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

10. APPLICABLE LAW

10.1 Mediation. Franchisor and Franchisee pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless Franchisor and Franchisee agree on alternative rules and a mediator within fifteen (15) days after either Party first gives notice of mediation. Mediation shall be conducted in Los Angeles County, California, and shall be conducted and completed within forty-five (45) days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Franchisee. The fees and expenses of the mediator shall be shared equally by Franchisor and Franchisee. The mediator shall be disqualified as a witness, expert or counsel for either Party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Franchisee shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, a Party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party attorneys' fees in any subsequent legal action. If any dispute remains unresolved ninety (60) days after a demand for mediation by either Party, Franchisor and Franchisee shall each be free to pursue their respective legal remedies under Section 10.2. The mediation provision in this Section 10.1 shall not apply to any action for injunctive or other provisional relief, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations under this Agreement.

10.2 Venue and Choice of Law. Franchisor and Franchisee agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California ("Courts"). To the fullest extent that the Parties may do so under applicable law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern. If any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state.

10.3 Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

10.4 Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement or the Vaccine Center Franchised Business by reason of any act or omission of Franchisee or its authorized representatives, Franchisee shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either Party commences a legal action against the other Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to have and recover from the other Party its reasonable attorneys' fees and costs of suit.

11. COUNTERPARTS AND ELECTRONIC COPIES.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first shown above.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

MULTI-FACILITY SUBSCRIBER AGREEMENT

PRELIMINARY MATTERS

This **MULTI-FACILITY SUBSCRIBER AGREEMENT** ("MFS Agreement") is made as of the August 1, 2014 (the "Effective Date") by and between **MINDBODY, INC**. ("MINDBODY," "WE", "OUR" or "US"), a California corporation, and **We Rock the Spectrum, LLC** ("We Rock," "SUBSCRIBER," "YOU" or "YOUR"), a corporation located at 5520 Crebs Avenue, Tarzana, CA 91356 address.

BACKGROUND

A. This MFS Agreement shall be read in conjunction with the following agreements between MINDBODY and We Rock The Spectrum:

(a) The **TOS**,

(b) The **Privacy Policy**,

(c) The **Security Policy**,

(d) **Addendum "A" to the MFS Agreement**, and

(e) Any other Addenda to the TOS.

B. The foregoing agreements referenced in Recital A above constitute the **"Contract"** between We Rock the Spectrum and MINDBODY.

C. Terms used in this MFS Agreement beginning with initial capital letters are defined terms which shall have the meanings ascribed to them in this MFS Agreement, Article 1 of the TOS, or elsewhere in the TOS. Please refer to these definitions in reviewing this MFS Agreement.

D. Certain Franchisees may have previously entered into Software Service Agreements with MINDBODY. YOU agree that, upon proper execution of this MFS Agreement, such agreements shall automatically terminate.

E. YOU are entering into the Contract so that YOU and YOUR Franchisees may obtain licenses to use the Purchased Services and access the Digital Properties subject to all terms and conditions of the Contract.

F. YOU hereby confirm YOU select YOUR Franchisees at YOUR sole discretion. YOU represent that YOUR Franchisees shall access and use the Subscriber Data or the Digital Properties only in accordance with the terms and conditions contained in this MFS Agreement and the Contract.

G. If YOU do not agree with this MFS Agreement or any other portion of the Contract, YOU cannot accept the Contract and YOU may not use any of OUR Digital Properties or content.

AGREEMENT

Now, therefore, in consideration of the foregoing Preliminary Matters and the mutual covenants set forth below, the Parties hereby agree as follows:

1. Definitions

Terms defined in this Article 1 are as follows:

1.1. **"Contract,"** as initially defined in Article 1 of the TOS, has the meaning given to it in Recital B above.

1.2. **"End User,"** as initially defined in Article 1 of the TOS, means any business or individual scheduling or purchasing products and/or services from either YOU or any of YOUR Franchisees.

1.3. **"Franchisee"** means any Person that SUBSCRIBER has entered into a franchise agreement with. Such Persons shall collectively be referred to as "Franchisees".

1.4. **"Purchased Services,"** as initially defined in Article 1 of the TOS, is hereby amended to mean all of the Services identified in Addendum A to this MFS Agreement. The Purchased Services include any user guides, multimedia content, and other relevant documentation made available through the Digital Properties, and any other materials provided to YOU by MINDBODY pursuant to the Contract.

1.5. **"Subscription Fees,"** as initially defined in Article 1 of the TOS, is hereby amended to mean the fees owed by the SUBSCRIBER to MINDBODY for the Purchased Services set forth in Addendum A to this MFS Agreement.

2. Data Ownership and Use

2.1. **Ownership of Subscriber Data** Subject to Articles 2 and 6 of the TOS, SUBSCRIBER shall have sole and exclusive ownership of all right, title, and interest in Subscriber Data, excluding Cardholder Data. It is understood that Cardholder Data is owned by the End User who is personally identifiable from such piece of Cardholder Data.

2.2. **Franchisee Use of Subscriber Data** YOU are solely responsible for YOUR Franchisees' operation of the Purchased Services and maintenance of all information used in connection with the Digital Properties, including, but not limited to YOUR Intellectual Property and Subscriber Data. YOU shall have the sole responsibility for the accuracy, quality, integrity, legality, reliability and appropriateness of YOUR Subscriber Data. **YOU warrant to MINDBODY that YOUR Subscriber Data does not violate applicable laws or the rights of any third parties.**

2.3. **Subscriber Public Data** YOU and YOUR Franchisees may enable or disable public access to Subscriber Public Data by activating various check box controls in Business Mode. For assistance with these settings, YOU may contact OUR Customer Service Team at (877) 755-4279.

3. Services

3.1. **Startup Training** As part of the Purchased Services, you will be entitled to grant YOUR Franchisees access to YOUR Subscriber Data pursuant to the **Grant of Third Party Access to Subscriber Data** attached as **Addendum A** to the TOS (the "Third Party Access Addendum"). Upon YOUR completion of a Third Party Access Addendum for the purpose of authorizing Franchisees to use YOUR Subscriber Data, MINDBODY will provide all authorized Franchisees Startup Training sessions not to exceed the following durations for each business location identified in the Order Acceptance:

(a) One (1) thirty (30) minute discovery call;

(b) One (1) fifty (50) minute software setup training session;

(c) Unlimited online webinar training sessions;

(d) Two (2) thirty (30) minute check in calls.

3.2. **Premium Services** The following Premium Services may be available to YOUR Franchisees at additional cost to YOU. If YOU are interested, please contact MINDBODY for further information.

(a) **Transactional Histories** Franchisees may be eligible for importation of transactional histories for their End Users for an additional fee, as determined by MINDBODY in its sole discretion.

(b) **Supplemental Training**

(1) In the event that Franchisees wish to receive supplemental training via telephone and optional Internet link in addition to the Startup Training provided pursuant to this Article 3, MINDBODY may provide such supplemental training to Franchisees at an additional charge based on MINDBODY's hourly rates in effect at the time of such supplemental training. These fees are subject to change from time to time, at any time, without prior notice.

(2) In the event that Franchisees wish to have Onsite Training, such training may be provided, at MINDBODY's discretion, at a fee to be agreed upon at the time of purchase of such Onsite Training.

4. Pricing/Payment

4.1. **Subscription Term** The **"Subscription Term"** means the one year period beginning on the Effective Date and ending on Termination Date. The **"Termination Date"** means the one year anniversary of the Effective Date. The Subscription Term may end prematurely without penalty if either party terminates for cause pursuant to Article 13 of the TOS. If SUBSCRIBER terminates the Contract without cause pursuant to Article 13 of the TOS, then all unpaid Subscription Fees, premium service fees, priority support fees, and any other applicable fees payable for the balance of the Subscription Term shall immediately become due and payable.

4.2. **Billing Period** The term **"Billing Period"** means the monthly period which is covered by a single Subscription Fee payment. The Billing Period shall be one (1) calendar month beginning on the monthly anniversary of the Effective Date, unless otherwise agreed to by the parties in writing.

4.3. **Subscription Fees** The Subscription Fees are those fees to be paid by the SUBSCRIBER to MINDBODY for the Purchased Services as set forth in Addendum A to this MFS Agreement.

4.4. **Changes in Fees** WE reserve the right to change the Subscription Fees if YOU elect to add additional Franchisees or acquire and/or operate additional business units and/or locations in addition to those specified on the Order Acceptance. In addition, if the number of Practitioners (as defined in Article 1 of the TOS) working at a single location is increased, the Subscription Fees charged for that location shall be subject to increase according to the pricing structure in effect at that time. MINDBODY shall give YOU at least thirty (30) days advance written notice of any change in such fees.

4.5. **Payment Terms** MINDBODY calculates and bills its fees and charges on a monthly basis unless otherwise agreed to by the parties in writing. Commencing on the Effective Date and continuing on the same day of the month as the Effective Date for each calendar month thereafter and continuing until the Termination Date, Subscriber shall pay MINDBODY, in advance, the Subscription Fee, plus any other amount(s) payable by Subscriber under the Contract. The Subscription Fee shall be prorated for any partial monthly period that occurs during the Subscription Term.

4.6. **Late Payment**

(a) WE may charge YOU interest on all late payments at the lower of 1.5% per month, or such lower interest rate as may be imposed by applicable law in the jurisdiction in which YOU are located. Any payment not received within thirty (30) days after the applicable due date shall be considered a default under the Contract. Thereupon, MINDBODY shall be entitled to suspend or deactivate YOUR account and YOUR Franchisees' access to

Subscriber Data and use of the Digital Properties. WE may not provide advanced notice of suspension or deactivation of YOUR account for late payment.

(b) In the event that WE suspend or deactivate YOUR account for late payment and WE later decide to reactivate such account at YOUR request, YOU shall pay MINDBODY a one hundred and fifty dollar ($150) reactivation fee per business location prior to any such reactivation. This reactivation fee is not intended to be a penalty but an estimate of actual costs to be incurred by MINDBODY in reactivating suspended accounts. MINDBODY reserves the right to change the amount of the reactivation fee, from time to time, at any time. MINDBDOY will notify you at least thirty (30) days prior to making any such change.

(c) If YOU are not up to date on all payments then due within ninety (90) days after the applicable due date, MINDBODY shall be entitled to terminate the Contract for cause pursuant to Article 13 of the TOS. If any amount payable by YOU is not received within thirty (30) of the applicable due date on three (3) separate occasions during a running twelve (12) month period, MINDBODY shall be entitled to terminate the Contract for cause pursuant to Article 13 of the TOS.

5. Intellectual Property

5.1. **MINDBODY Intellectual Property** The Contract does not provide YOU or YOUR Franchisees with any right, title, interest, or ownership of any of the Digital Properties, the Compiled Data, or any components thereof except as specifically provided in this MFS Agreement. YOU shall have only a right of limited use as specified in Article 6 below and Article 6 of the TOS. MINDBODY shall be the sole and exclusive owner of all right, title, and interest in and to the following intellectual property:

(a) The Compiled Data and any portion thereof;

(b) The Services (including but not limited to any code, images, photographs, animations, video, audio, music, text, and applets that WE provide);

(c) The Associated Websites (including but not limited to any code, images, photographs, animations, video, audio, music, text, and applets that WE provide);

(d) The Mobile Applications (including but not limited to any code, images, photographs, animations, video, audio, music, text, and applets that WE provide);

(e) All derivatives, modifications and enhancements of such intellectual property (including ownership of all patents, trade secrets, trademarks and copyrights pertaining thereto), subject only to the rights expressly granted to SUBSCRIBER in Article 6 of the TOS and the rights expressly granted to Franchisees through the **Third Party Access Addendum**.

6. Licensing Matters

6.1. **Limited Franchisee License** Provided that YOU properly execute and submit a **Third Party Access Addendum** for YOUR Franchisees, MINDBODY shall grant Franchisees identified in such **Third Party Access Addendums** a Third Party Access License (as defined in the **Third Party Access Addendum**) within 30 days of receipt of such submissions. MINDBODY shall only be required to grant such Franchisees a Third Party Access License provided both parties have properly executed the Contract and have performed all of their respective obligations under the Contract.

7. Confidentiality

7.1. **Franchisees' Duty of Confidentiality** YOUR Franchisees are "Representatives" of YOU within the meaning of Article 7 of the TOS. YOU shall advise YOUR Franchisees of: (i) all obligations imposed by Article 7 of

the TOS, (ii) the confidential nature of Confidential Information, and (iii) all terms of the Contract. YOU shall require YOUR Franchisees to agree in writing to protect the confidentiality of the Confidential Information.

8. DISCLAIMER OF WARRANTIES

8.1. MINDBODY DISCLAIMS ALL WARRANTIES RELATED TO FRANCHISEES' USE OF DIGITAL PROPERTIES

(a) EXCEPT AS EXPRESSLY PROVIDED IN ARTICLE 9 OF THE TOS, THE PURCHASED SERVICES AND ANY APPLICATIONS, OR THIRD-PARTY CONTENT MADE AVAILABLE TO FRANCHISEES ARE PROVIDED ON AN AS BASIS, WITH ALL FAULTS. MINDBODY MAKES NO REPRESENTATIONS, WARRANTIES, OR ASSURANCES, EXPRESS, IMPLIED, OR STATUTORY, WITH RESPECT TO OUR SERVICES OR ANY OTHER MATTERS.

(b) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MINDBODY HEREBY EXPRESSLY DISCLAIMS ALL EXPRESS, IMPLIED OR STATUTORY WARRANTIES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, ABSENCE OF VIRUS OR OTHER HARMFUL COMPONENTS, NEGLIGENCE, OR LACK OF WORKMANLIKE EFFORT ON THE PART OF MINDBODY. NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY YOU OR YOUR FRANCHISEES FROM MINDBODY, REPRESENTATIVES OF MINDBODY, OR THROUGH OUR SERVICES WILL CREATE ANY WARRANTY NOT EXPRESSLY STATED IN THIS ARTICLE 8 AND ARTICLE 9 OF THE TOS.

(c) YOU AND YOUR FRANCHISEES UNDERSTAND AND AGREE THAT FRANCHISEES WILL USE, ACCESS, DOWNLOAD, OR OTHERWISE OBTAIN INFORMATION, MATERIALS, OR DATA THROUGH THE DIGITAL PROPERTIES AT FRANCHISEES' OWN DISCRETION AND RISK. FRANCHISEES SHALL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO FRANCHISEES' PROPERTY (INCLUDING COMPUTER SYSTEMS USED IN CONNECTION WITH THE DIGITAL PROPERTIES) OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OR USE OF SUCH INFORMATION, MATERIALS OR, DATA.

9. Limitation of Liability

9.1. LIMITED LIABILITY FOR CARDHOLDER DATA

(a) MINDBODY EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY AND SHALL NOT BE RESPONSIBLE FOR ANY DAMAGES OR LOSS CAUSED, OR ALLEGED TO BE CAUSED, BY THE TRANSMISSION OF CARDHOLDER DATA PRIOR TO ITS ENCRYPTION AND RECEIPT BY OUR SERVER(S). THE EXCLUDED DAMAGES SHALL INCLUDE, WITHOUT LIMITATION, DAMAGES RESULTING FROM FRAUD, EMBEZZLEMENT, THEFT, IDENTITY THEFT OR INVASION OF PRIVACY.

(b) MINDBODY expressly disclaims any and all liability resulting directly or indirectly from YOUR, YOUR Franchisees' or End Users' handling of Cardholder Data. WE strongly recommend that YOU and YOUR Franchisees follow the requirements of the PCI DSS when handling Cardholder Data. In connection with YOUR Franchisees' use of the Purchased Services, YOUR Franchisees shall follow the **Cardholder Data Recommended Practices (Article 1 of the Security Policy)**, as same may be updated from time to time.

(c) YOU, YOUR Franchisees, and End Users understand and agree that:

(1) Transmitting Cardholder Data on the Internet may involve certain security risks;

(2) Abiding by the **Cardholder Data Recommended Practices** may reduce such risks;

(3) OUR server(s) provide a secure, encrypted environment for storing Cardholder Data;

(4) MINDBODY shall be responsible for the security of Cardholder Data only after the encryption and receipt of the Cardholder Data by MINDBODY's server(s);

9.2. **LIMITATION OF MINDBODY'S LIABILITY** THIS SECTION 9.2 SHALL APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. SOME OR ALL OF THE LIMITATIONS OR EXCLUSIONS CONTAINED IN THIS SECTION 9.2 MAY NOT APPLY TO YOU IF YOUR STATE, PROVINCE, OR COUNTRY DOES NOT ALLOW ANY SUCH EXCLUSION OR LIMITATION.

(a) IN NO EVENT SHALL MINDBODY BE LIABLE FOR ANY CLAIM MADE AGAINST YOUR FRANCHISEES BY ANY THIRD PARTY, EVEN IF MINDBODY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIM.

(b) YOU AGREE THAT YOUR AND YOUR FRANCHISEES' EXCLUSIVE REMEDY FOR ANY CLAIM MADE AGAINST MINDBODY SHALL BE TO RECOVER DIRECT DAMAGES UP TO AN AMOUNT EQUAL TO THE AMOUNT OF FEES PAID BY YOU WITH RESPECT TO THE FRANCHISEES ASSERTING CLAIMS AGAINST MINDBODY IN THE TWELVE (12) MONTHS PRECEEDING SUCH CLAIM.

(c) YOU AGREE THAT IN NO EVENT SHALL MINDBODY BE LIABLE TO YOU OR YOUR FRANCHISEES FOR ANY OTHER DAMAGES OR LOSSES INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST REVENUES, OR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF FORM OR THEORY OF LIABILITY, EVEN IF MINDBODY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(d) NO ACTION, REGARDLESS OF FORM, ARISING OUT OF OR IN CONNECTION WITH THE CONTRACT MAY BE BROUGHT BY YOUR FRANCHISEES MORE THAN ONE (1) YEAR AFTER THE FIRST TO OCCUR OF:

(1) THE TERMINATION OR EXPIRATION OF THE CONTRACT; OR

(2) THE EVENT GIVING RISE TO SUCH CAUSE OF ACTION.

(e) THE LIMITATIONS AND EXCLUSIONS IN THIS SECTION 9.2 APPLY EVEN IF THE REMEDY FAILS TO ACHIEVE ITS ESSENTIAL PURPOSE OR DOES NOT FULLY COMPENSATE YOU FOR ANY LOSSES. THE LIMITATIONS AND EXCLUSIONS IN THIS SECTION 9.2 APPLY TO ANY CAUSE OF ACTION RELATED TO THE CONTRACT, INCLUDING, WITHOUT LIMTIATION, DELAYS OR FAILURES IN STARTING OR COMPLETING TRANSMISSIONS OR TRANSACTIONS; CLAIMS FOR BREACH OF CONTRACT, WARRANTY, GUARANTEE, OR CONDITION; STRICT LIABILITY; NEGLIGENCE; MISREPRESENTATION OR OMISSION; TRESPASS; VIOLATION OF STATUTE OR REGULATION; OR UNJUST ENRICHMENT.

10. Indemnity

10.1. **Indemnification by SUBSCRIBER** YOU shall indemnify, defend, and hold MINDBODY, its subsidiaries, and Representatives harmless from and against any and all claims, charges, damages, and expenses (including, but not limited to, reasonable attorneys' fees and costs) resulting directly or indirectly from:

(a) Any Franchisee's violation of the rights of a third party, including the infringement by any Franchisee of any intellectual property or property rights of any such third party;

(b) Access to, use, or misuse of any of OUR Digital Properties, the Subscriber Data, and/or the Cardholder Data by any Franchisee or Franchisee's Representatives; and/or

(c) Any Franchisee's failure to comply with applicable privacy laws and/or other applicable laws; and/or

(d) Any ownership dispute between any Franchisee and a third party.

10.2. **Indemnification by MINDBODY** WE shall indemnify, defend, and hold YOU harmless from and against any and all claims, charges, damages, and expenses (including, but not limited to, reasonable attorneys' fees and costs) resulting directly or indirectly from:

(a) Any breach by US of the **Privacy Policy** materially affecting YOUR Subscriber Data;

(b) Any breach by US of the **Security Policy** materially affecting YOUR Subscriber Data;

(c) MINDBODY's storage and protection of Cardholder Data, provided:

(1) The Cardholder Data has been properly entered into the encrypted fields provided in the Services in accordance with the PCI DSS; and

(2) The Cardholder Data is encrypted and received by MINDBODY's server(s).

10.3. Survival. All obligations of the parties set forth in this Article 10 shall survive termination of the Contract.

11. Parties Relationship and Subscriber Obligations

11.1. No relationship with YOUR Franchisees MINDBODY shall have no direct relationship, contractual or otherwise, with any of YOUR Franchisees. YOU shall be solely responsible for monitoring and supervising YOUR Franchisees**.**

11.2. Franchisee Compliance YOU shall cause all of YOUR Franchisees to agree in writing to be bout by all terms and conditions of the Contract.

11.3. Audit by MINDBODY MINDBODY may periodically monitor YOUR and YOUR Franchisees' equipment and protocols for the purposes of verifying the quality and security of the Digital Properties. If MINDBODY identifies malicious activity originating from any of the YOUR or YOUR Franchisees' locations, then MINDBODY shall have the right to audit local equipment and protocols. Refusal to permit any such audit shall constitute a breach of the Contract.

11.4. Effect of Franchisee Breaches In the event of a material breach or default of the Contract by any Franchisee, WE shall have the right to immediately terminate the offending Franchisee's access to OUR Digital Properties without notice. Any such breach shall be considered a breach of the Contract by SUBSCRIBER. Thereupon MINDBODY shall have the right to terminate the Contract by giving YOU thirty (30) days written notice; provided, however, that YOU shall have the right to cure the subject breach during the thirty (30) day notice period. In the event YOU or they cure the subject breach during such notice period, the Contract shall remain in full force and effect.

12. Governing Law and Dispute Resolution

12.1. Application of Article 14 of TOS to Franchisees YOU shall require all of YOUR Franchisees to agree in writing to be bound by the terms and conditions of Article 14 of the TOS. Upon OUR reasonable request, YOU shall provide US with a copy of all such executed agreements. MINDBODY may, at OUR sole discretion, suspend a Franchisee's access to the Digital Properties until such written agreement has been properly executed by the Franchisee. YOU shall indemnify, defend, and hold MINDBODY, its subsidiaries, and Representatives harmless from and against any and all claims, charges, damages, and expenses (including, but not limited to, attorneys' fees and costs) resulting directly or indirectly from YOUR failure to obtain any such written agreement from YOUR Franchisees.

13. Interpretation

13.1. Interpretation This MFS Agreement supplements and amends the TOS. In the event of a conflict between this MFS Agreement and any other component of the Contract, this MFS Agreement shall control.

14. Signature Block

IN WITNESS WHEREOF, the parties have entered into this MFS Agreement as of the date first written above.

"MINDBODY"

MINDBODY, INC., a California corporation

By:_____

Printed Name:_____

Title:_____

"SUBSCRIBER"

We Rock The Spectrum, a California corporation

By:_____

Printed Name:_____

Title:_____

ADDENDUM "A"

TO

MULTI-FACILITY SUBSCRIBER AGREEMENT

SCHEDULE OF PURCHASED SERVICES AND SUBSCRIPTION FEES

This **ADDENDUM A** amends and supplements the Multi-Facility Subscriber Agreement ("MFS Agreement"). It is made as of the 30 day of October 2014, to be effective as of the Effective Date by and between **MINDBODY, INC.** ("MINDBODY," "WE", "OUR" or "US"), a California corporation, and **We Rock The Spectrum**, ("We Rock The Spectrum)," "SUBSCRIBER," "YOU" or "YOUR"), a California corporation, whose principal place of business is located at 5520 Crebs Avenue, Tarzana, CA 91356 address.

BACKGROUND

A. This Addendum A supplements the following agreements between MINDBODY and We Rock The Spectrum:

(a) The **MFS Agreement**,

(b) The **TOS**,

(c) The **Privacy Policy**,

(d) The **Security Policy,** and

(e) Any other Addenda to the TOS.

B. The foregoing agreements constitute the "Contract" between We Rock The Spectrum and MINDBODY.

C. Terms used in this Addendum A which begin with initial capital letters are defined terms which shall have the meanings ascribed to them in the MFS Agreement, Article 1 of the TOS, or elsewhere in the TOS. Please refer to these definitions in reviewing this Addendum A.

D. If YOU do not agree with this Addendum A or any portion of the Contract, YOU cannot accept the Contract and YOU may not use any of OUR Digital Properties or content.

AGREEMENT

Now, therefore, in consideration of the foregoing Preliminary Matters, the mutual covenants set forth below, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. Purchased Services and Payment. Subject to all terms and conditions of the Contract, MINDBODY hereby agrees to provide the Purchased Services listed below and We Rock The Spectrum agrees to pay the Setup Costs and Subscription Fees associated with the Purchased Services in the amounts set forth in the following table:

	Purchased Services	Setup Cost	Subscription Fee
	Standard Services		
1.	• 1 year pricing agreement • We Rock The Spectrum Monthly Subscription Pricing per Location	0	$65/Per Location
	Premium Services		
2.	**Premium Account Coordination ("PAC")** to include: Premier plan - 5 PAC Support Hours per Month A MINDBODY Instant Messaging Account PAC Support Available Outside Normal Business Hours	0	$349/month
3.	**Corporate Dashboard** Facilitates aggregated data reporting on the franchise. Allows corporate to look at key performance indicators from one data base. PAID for by Franchisor	0	$99/month

IN WITNESS WHEREOF, the parties have entered into this Addendum A to the MFS Agreement as of the date first written above.

"MINDBODY"

MINDBODY, INC., a California corporation

By:_____

Printed Name:_____

Title:_____

"SUBSCRIBER"

We Rock The Spectrum Kids Gym, LLC, a California corporation

By:_____

Printed Name:_____

Title:_____

MINDBODY
LOVE YOUR BUSINESS

General Terms of Service

This is a legally binding agreement even if you do not become a subscriber.

Preliminary Matters

These GENERAL TERMS OF SERVICE (“TOS”) are entered into as of the Effective Date by and between MINDBODY, INC. ("MINDBODY," “WE”, “OUR” or “US”), a California corporation, and a business or individual ("SUBSCRIBER," “YOU” or “YOUR”). Hereafter, MINDBODY and SUBSCRIBER may be collectively referred to as the “PARTIES”.

Article 14 contains a Binding Arbitration Agreement and Class Action Waiver. It affects YOUR legal rights. Please read it. If YOU live outside of the United States, some or all of Article 14 may not apply to YOU.

BACKGROUND

A. Terms used in these TOS beginning with initial capital letters are defined terms which shall have the meanings ascribed to them in Article 1 below or elsewhere in these TOS. Please refer to these definitions in reviewing these TOS.

B. These TOS, together with certain supplemental or additional documents referenced in Section 1.11 below constitute the Contract between MINDBODY and SUBSCRIBER.

C. MINDBODY provides standard software services that allow Subscribers to manage their business and End Users to schedule and purchase services from Subscribers. These standard software services can be customized or supplemented through optional enhancements in order to support each Subscriber’s specific business needs. All of the standard and optional software services are collectively referred to as the “Services”.

D. The Services include Standard Services (as defined in Article 1 below) and Premium Services (as defined in Article 1 below). The Services and are provided through websites, such as www.mindbodyonline.com, https://clients.mindbodyonline.com, https://purchase.mindbodyonline.com, and https://mindbodyexchange.com (the “Associated Websites”) and through mobile applications such as MINDBODY Express

Business, MINDBODY Receipt Keeper, MINDBODY Connect (the “Mobile Applications”).

E. The MINDBODY Privacy Policy (“Privacy Policy”) is incorporated by reference into these TOS. The Privacy Policy covers OUR collection, use and disclosure of information obtained through our Digital Properties (defined in Article 1 below). A copy of the Privacy Policy is located at www.mindbodyonline.com/privacy-policy. In the event of a conflict between the terms of these TOS and the Privacy Policy, these TOS shall prevail.

F. The MINDBODY Security Policy (“Security Policy”) is incorporated by reference into these TOS. The Security Policy describes the reasonable and appropriate security controls WE take to protect the Services, Associated Websites, and Subscriber Data against foreseeable hazards. The Security Policy also includes the Cardholder Data Recommended Practices, which outline the minimum security practices YOU should have in place to protect Cardholder Data. A copy of the Security Policy is located at www.mindbodyonline.com/security-policy. In the event of a conflict between the terms of these TOS and the Security Policy, the terms of these TOS shall prevail.

G. Use of the Associated Websites by any Person, whether a SUBSCRIBER or not, is subject to these TOS including the Privacy Policy and Security Policy. Failure to comply with the terms and conditions of these TOS may have legal consequences.

H. By accessing, viewing or using all or any part of the Digital Properties, whether by downloading any materials, or by completing any registration process, YOU are accepting the terms and conditions of these TOS.

I. If YOU are executing these TOS on behalf of a corporation or other legal entity, YOU represent that YOU have the authority to bind such entity and its affiliates to these TOS, in which case the terms “SUBSCRIBER,” “YOU” or “YOUR” shall refer to such legal entity and its affiliates. If YOU do not have such authority YOU do not have the legal capacity or right to agree to these TOS and may not use any of OUR Digital Properties or content.

J. MINDBODY supports Subscribers who are subject to the requirements of the Health Insurance Portability and Accountability Act (“HIPAA”). Under HIPAA, certain information about a person’s health or healthcare services is classified as Protected Health Information (“PHI”). YOU must enter into a Business Associate Agreement (“BAA”) with MINDBODY if YOU are subject to HIPAA and wish to use OUR Services with PHI. YOU are solely responsible for determining whether YOU are subject to HIPAA requirements. If YOU have not entered into a BAA, YOU must not use any of OUR Digital Properties in connection with PHI. To request a BAA please contact MINDBODY’s Privacy Officer at privacy@mindbodyonline.com.

K. **If YOU do not agree with these TOS, YOU will be deemed to have rejected the**

Contract, and YOU shall have no right to use any of the Digital Properties or related content.

L. If YOU desire to purchase any of the Services, please complete and submit a Subscriber Order to MINDBODY. If YOU do not receive an Order Acceptance from MINDBODY via a separate email thereafter, please contact the MINDBODY Customer Service Team at (877) 755-4279 before accessing or using any of the Services.

Agreement

Having considered the above Preliminary Matters and mutual agreements below, **the PARTIES hereby agree as follows**:

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1. Definitions

These GENERAL TERMS OF SERVICE (“TOS”) are entered into as of the Effective Date by and between MINDBODY, INC. ("MINDBODY," “WE”, “OUR” or “US”), a California corporation, and a business or individual ("SUBSCRIBER," “YOU” or “YOUR”). Hereafter, MINDBODY and SUBSCRIBER may be collectively referred to hereafter as the “PARTIES.”

Article 14 contains a Binding Arbitration Agreement and Class Action Waiver. It affects YOUR legal rights. Please read it. If YOU live outside of the United States, some or all of Article 14 may not apply to YOU.

BACKGROUND

1. “Addendum” or “Addenda” means any supplements or additions to these TOS entered into by MINDBODY and SUBSCRIBER, from time to time, for the purpose of modifying or supplementing these TOS. Each Addendum entered into by MINDBODY and SUBSCRIBER is hereby incorporated into the Contract by reference. These Addenda may include, without limitation, one or more of the following:

   Addendum Documents

   Addendum A - GRANT OF THIRD PARTY ACCESS TO SUBSCRIBER DATA (109kb, PDF)

   Addendum B - ACH SERVICES (74kb, PDF)

   Addendum C - CONNECT SERVICE AGREEMENT (85kb, PDF)

   Addendum D - ANALYTICS SERVICE AGREEMENT (90kb, PDF)

Addendum E - PREMIUM SUPPORT (97kb, PDF)

2. **“Analytics Service”** means a Premium Service provided by MINDBODY, in accordance with the Analytics Service Agreement attached hereto as Addendum D that gives a SUBSCRIBER who purchases the Analytics Service access to Compiled Data in Business Mode.
3. **“Authorized Persons”** has the meaning provided in Section 6.1 below.
4. **“Automated Clearing House”** (“**ACH**”) means the electronic network for financial transactions in the United States, which is used to process End User payments directly from checking accounts. This is referred to outside the United States by other terms, such as "PAP" and "DDA".
5. **“Billing Period”** means the period that is covered by a single Subscription Fee payment. The Billing Period shall be one (1) calendar month unless otherwise agreed to by PARTIES in writing.
6. **“Business Mode”** means YOUR use of the Purchased Services as an administrative user to input, review, and maintain Subscriber Data as provided in these TOS.
7. **“Cardholder Data”** means credit card numbers, expiration dates, billing addresses, and cardholder names as entered by End Users and YOU. Cardholder Data is a subset of End User Data.
8. **“Compiled Data”** means proprietary data about the utilization of OUR Digital Properties by Subscribers and End Users that is created by MINDBODY using proprietary analytical techniques for the purposes of, among other things, producing indices, statistics, summaries, and industry reports for use by Analytics Service subscribers. The Compiled Data will be presented in an anonymous, aggregate manner only and will not reveal proprietary or personally identifying information about YOU or YOUR End Users.
9. **“Confidential Information”** has the meaning given it in Article 7 below.
10. **“Connect Service”** means MINDBODY Connect, a Premium Service provided by MINDBODY, in accordance with the Connect Agreement attached hereto as Addendum C that enables members of the public to search for, find, schedule, and pay for YOUR and other MINDBODY Subscribers’ classes, appointments, and other services. The Connect Service connects Subscribers to End Users and allows End Users to better track and manage purchases and activities scheduled through the Digital Properties.
11. **“Contract”** means these TOS (including the Preliminary Matters above, the Privacy Policy, and the Security Policy), plus any supplemental or additional Addenda.
12. **“Digital Properties”** means and includes the Services, the Associated Websites, the

Mobile Applications, and the MINDBODY API.

13. **“Effective Date”** means the date on which SUBSCRIBER becomes obligated to pay the Subscription Fee, plus any other amount(s) payable by Subscriber under the Contract. The Effective Date will be the earlier of (i) the date YOU receive the Order Acceptance or (ii) the first date on which YOU use the Purchased Services, unless separately arranged between the PARTIES in writing.
14. **“End User”** means the business or individual scheduling or purchasing products and/or services from SUBSCRIBER through OUR Digital Properties. In other words, End Users are YOUR customers.
15. **“End User Data”** means data about an End User that SUBSCRIBER or an End User furnishes to MINDBODY through data importation or entry. End User Data includes Cardholder Data and such portions of SUBSCRIBER Data that relate to specific End Users.
16. **“Integrated Merchant Account”** means an optional service that allows for processing of credit card and ACH payments. The ability to process ACH payments is optional and not required to use the MINDBODY System. If YOU would like to process ACH payments through OUR Digital Properties, YOU must enter into a separate contract titled “ACH Services Agreement.” For more information see Addendum B.
17. **“Invoice”** means the invoice sent, from time to time, by MINDBODY to YOU to confirm the Purchased Services provided to YOU and the amounts payable by YOU for the period covered by the Invoice.
18. **“Limited Access Licenses”** has the meaning provided in the Grant of Third Party Access to Subscriber Data attached hereto as Addendum A.
19. **“MINDBODY Exchange”** (“**MBX**”) means the Premium Service provided by MINDBODY, in accordance with the MINDBODY Exchange Agreement attached hereto as Addendum F. MBX enables Employers and Employee Benefit Managers to establish and manage an integrative healthcare program for their employees. MBX allows Employers to manage their integrative healthcare program while providing SUBSCRIBER with additional opportunities to gain customers should SUBSCRIBER participate.
20. **“MINDBODY Subscribers”** mean the Persons who register with MINDBODY to use OUR Services.
21. **“Onsite Training”** means training provided by MINDBODY to YOU at YOUR facilities for an additional fee. Onsite Training is only available in certain geographical areas, as determined by MINDBODY in its sole discretion.
22. **“Order Acceptance”** means the communication that MINDBODY sends to YOU responding to the Subscriber Order. The Order Acceptance shall confirm OUR

acceptance of the Subscriber Order, list the Purchased Services to which YOU have subscribed, include links to all applicable agreements, and state the amount of the Subscription Fee payable by YOU to MINDBODY at the beginning of each Billing Period.

23. **"PCI DSS"** means the requirements of the Payment Card Industry Data Security Standard, as detailed on https://www.pcisecuritystandards.org/, and as may be updated from time to time, at any time.
24. **"Person"** means a natural person, corporation, partnership, or any other legal entity capable of having legal rights and duties.
25. **"Practitioner"** means any service professional whose services are listed by SUBSCRIBER within the Purchased Services.
26. **"Premium Account Coordinator"** ("**PAC**") means a member of OUR Premium Services Team certified by MINDBODY to provide optional Premium Support as defined in Addendum F to these TOS.
27. **"Premium Service"** means any optional service WE offer, subject to the terms and conditions of the applicable Addendum, in addition to the Standard Services. This includes the Analytics Service, the Connect Service, MBX, the services discussed in Section 3.3 below, and any new or additional service that is not included in, or required to use the Standard Services.
28. **"Premium Services Screen"** means a screen accessible in Business Mode that describes the Premium Services and that enables YOU to opt-in or out of those Premium Services.
29. **"Public Services"** means OUR Services that End Users may utilize or purchase. The Public Services are publicly accessible through a generally available web browser, mobile device or MINDBODY authorized application. YOU agree that Subscriber Public Data shall be publicly accessible through the Public Services.
30. **"Purchased Services"** means all the Services identified in the Order Acceptance as the services to be provided to YOU by MINDBODY in exchange for the Subscription Fee and any additional fees identified in the Order Acceptance. The Purchased Services are priced according to the number and size of SUBSCRIBER's business units and locations. The Purchased Services include any user guides, multimedia content, and other relevant documentation made available through the Digital Properties, and any other materials provided to YOU by MINDBODY pursuant to the Contract.
31. **"Representatives"** has the meaning provided in Article 7 below.
32. **"Standard Services"** means the Purchased Services provided to YOU under these TOS. The Standard Services currently consist of MINDBODY Online and the specific

services described in Section 3.2 below. WE have the right to amend or modify the Standard Services from time to time, at any time, by giving YOU reasonable notice.

33. **“Standard Services License”** has the meaning given it in Section 6.2 below.

34. **“Startup Training”** means training provided by a MINDBODY professional trainer to YOU while YOU are in the process of implementing the Purchased Services. Such training is a Standard Service described in Section 3.2.b below. Startup Training is delivered via telephone and optional Internet link.

35. **“Scheduled Maintenance”** means periodic planned servicing to OUR Digital Properties as may be necessary from time to time to maintain optimum system performance, and which are announced in advance by MINDBODY.

36. **“Subscriber Data”** means all data entered or stored by YOU on MINDBODY's host computer system using the Purchased Services. Subscriber Data includes Cardholder Data, End User Data, Subscriber Public Data, and Subscriber Private Data. Subscriber Data, excluding Cardholder Data, is the property of SUBSCRIBER as stated in Section 2.2 below. After Subscriber Data is input into the MINDBODY system, the format of Subscriber Data will be transformed using proprietary techniques and know how. In order to comply with HIPAA regulations and to protect MINDBODY trade secrets and other intellectual property rights, SUBSCRIBER shall have no right to obtain from MINDBODY the Subscriber Data in proprietary format. In the event YOU terminate this Agreement, YOU shall be entitled to receive YOUR Subscriber Data in a standard file type as provided in this Section 1.36 and Article 13 below. For clarification, MINDBODY does not restrict or limit SUBSCRIBER’s access to Subscriber Data, but MINDBODY will not provide Subscriber Data in a format that would compromise MINDBODY’s proprietary information nor will MINDBODY provide any SQL or other information which would cause MINDBODY to fail to comply with HIPAA or other applicable laws.

37. **“Subscriber Private Data”** means that portion of Subscriber Data that will not be displayed or made available to the Public through the Public Services. Subscriber Data that YOU do not designate as Subscriber Public Data will be private and confidential in accordance with the terms and conditions of Article 7 below.

38. **“Subscriber Public Data”** means that portion of Subscriber Data that YOU decide to display to the public through the Public Services for the purpose of marketing, promoting, and facilitating the sale or use of YOUR services. Examples of Subscriber Public Data include, without limitation, classes, appointment schedules, and other products and services YOU offer.

39. **“Subscriber Order”** means the initial communication submitted by YOU to US, describing the Services YOU want to purchase.

40. **“Subscription Fee”** means the fee to be paid by the SUBSCRIBER to MINDBODY for the Purchased Services, as set forth in the Order Acceptance.

41. **“Termination Date”** has the meaning provided in Section 13.2 below.

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2. Data Ownership and Use

1. **Cardholder Data** All right, title, and interest in each item of Cardholder Data shall be solely and exclusively owned by the End User who is personally identifiable from such item of Cardholder Data.
2. **Ownership, Maintenance and Use of Subscriber Data**
    a. Subject to the provisions of this Article 2 and Article 6 below, SUBSCRIBER shall have sole ownership of all right, title, and interest in Subscriber Data, excluding Cardholder Data.
    b. The Person who provides payment for the Purchased Services may or may not be the owner of Subscriber Data.
    c. YOU shall be solely responsible for resolving any dispute over ownership of Subscriber Data between YOU and a third party. YOU agree that MINDBODY shall have no obligation to be involved in any such dispute. YOU further agree that WE have no responsibility to determine proper ownership of Subscriber Data. WE reserve the right to, at OUR sole discretion; restrict access to the Purchased Services until such ownership dispute is resolved.
    d. YOU agree that it is YOUR sole responsibility to provide proper documentation to MINDBODY in order to resolve any dispute over ownership of Subscriber Data. If the documentation YOU provide is not satisfactory, under MINDBODY’s sole judgment, WE may request further documentation.
    e. YOU are solely responsible for YOUR operation of Purchased Services and maintenance of all information used in connection with the Services, including, but not limited to YOUR intellectual property and Subscriber Data. YOU shall have sole responsibility for the accuracy, quality, integrity, legality, reliability and appropriateness of Subscriber Data. YOU warrant to MINDBODY that YOUR Subscriber Data does not violate applicable law or the rights of any third party.
    f. YOU may enable or disable public access to Subscriber Public Data by activating various check box controls in Business Mode. For assistance with these settings, YOU may contact OUR Customer Service Team at (877) 755-4279.
3. **Access to Subscriber Data**
    a. YOU may download reports containing commonly requested portions of the

Subscriber Data from the Digital Properties in Microsoft Excel and/or .csv format by using the reporting and exporting tools provided as part of the Standard Services. YOU are responsible for maintaining the security of any Subscriber Data in YOUR possession, including any copy of all Subscriber Data received pursuant to this Article 2.

b. YOU may contact OUR Customer Service Team at (877) 755-4279 to request customized Subscriber Data reports. So long as YOU agree to pay all expenses associated with generating such reports, MINDBODY will provide YOU such reports within a reasonable time period. Customized reports will not contain Cardholder Data.

c. YOU hereby agree that WE may use any portion of the End User Data associated with an End User for the purposes of displaying, to such End User, his or her schedule, purchase history, and visit history through the Connect Service. This End User Data will only be incorporated into the Connect Service upon such End User's request.

d. YOU hereby agree that WE may use any portion of the End User Data associated with an End User for the purposes of displaying such End User's schedule, purchase history, and visit history to the Employer(s) and Employee Benefit Manager(s) that monitor such End User's activities through MBX. This End User Data will only be incorporated into MBX upon an Employer's or Employee Benefit Manager's request and only after such End User confirms participation in the MBX program.

e. YOU may grant Subscriber's Agent(s) (as defined in the Grant of Third Party Access to Subscriber Data attached hereto as Addendum A) access to the Subscriber Data by executing and delivering to MINDBODY a signed copy of such Addendum A.

f. Any data YOU designate as Subscriber Public Data shall be publicly accessible through the Public Services.

4. **Ownership and Access to Compiled Data**

a. SUBSCRIBER acknowledges and agrees that title, ownership, intellectual property rights, and all other rights and interests in Compiled Data are owned solely by MINDBODY and will be used by MINDBODY, in part, in connection with its Analytics Service.

b. MINDBODY agrees that Compiled Data will be presented in an aggregate manner only, and will not reveal proprietary or personally identifying information about YOU or YOUR End Users.

c. So long as YOU agree to the Analytics Service Agreement attached hereto as

Addendum E and comply with the terms and conditions of such Addendum and the Contract, WE will grant YOU a license to access the Compiled Data through the Analytics Service.

5. **Disclosure of Security Breach**

    a. Following OUR discovery or notification of any breach of the security of the MINDBODY systems, WE shall disclose such breach to: (i) YOU if WE reasonably believe YOUR unencrypted Subscriber Data has been acquired by an unauthorized person and (ii) any End User whose End User Data WE reasonably believe has been acquired by an unauthorized person. Such disclosure shall be made expediently and without unreasonable delay, consistent with the legitimate needs of law enforcement or any measures reasonably necessary to determine the scope of the breach and restore the reasonable integrity of MINDBODY's systems.

    b. All disclosures of security breaches shall be written in plain English and shall identify the types of unencrypted information that WE reasonably believe may have been acquired by an unauthorized person as a result of such breach. A breach disclosure shall include the estimated date of the breach, if it is possible to determine such information at the time the breach disclosure is issued. MINDBODY may communicate any breach disclosure electronically, subject to the terms and conditions of the Contract.

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3. Services

1. **Operation, Maintenance, and Security of Purchased Services**

    a. WE will operate and maintain the Purchased Services. WE reserve the right to replace, modify, and/or upgrade any of the Purchased Services from time to time and at any time in OUR sole discretion. MINDBODY continuously improves the Purchased Services by regularly releasing updates which modify, improve, and update the Purchased Services. Any replacement, modification, or upgrade to the Purchased Services shall be treated as part of the Purchased Services for the purpose of the Contract.

    b. WE will provide all equipment, software, and security services necessary for the operation and maintenance of OUR host computer system, set forth in further detail in MINDBODY's Security Policy. WE reserve the right to change the configuration of OUR host computer system and change or delete equipment or software from time to time and at any time.

c. WE will provide sufficient bandwidth and processor capability to enable YOUR use of Purchased Services and End Users use of Public Services.

2. **Standard Services** The following Services are Standard Services covered by the Subscription Fees set forth in the Contract:

   a. **Data Importation of Customer Contacts** YOU may elect to have MINDBODY import End Users' names and contact information upon startup of the Purchased Service. This election must be submitted to MINDBODY in writing within thirty (30) days after the Effective Date. If YOU make this election, then the following shall apply:

      1. YOU shall provide MINDBODY with End Users' names and contact information in a single, open database format no later than thirty (30) days after the Effective Date. YOU will provide US with all of the information needed to unlock such provided data.
      2. MINDBODY shall import, on a one-time basis, YOUR End Users' names, notes, and contact information from any open database format, including, but not limited to .txt, .xls, and .csv.

   b. **Startup Training** MINDBODY will provide Startup Training sessions not to exceed the following durations per business location identified in the Order Acceptance:

      1. One (1) Thirty (30) minute discovery call;
      2. One (1) Fifty (50) minute software setup training;
      3. Unlimited online webinar training sessions; and
      4. Two (2) Thirty (30) minute check-in calls.

   c. **Data Storage** MINDBODY stores Subscriber Data and End User Data in accordance with these TOS, the Privacy Policy, and the Security Policy. SUBSCRIBER shall have the right to access Subscriber Data as provided in Section 2.3 and elsewhere in these TOS. Upon termination of the Contract, SUBSCRIBER shall have the right to recover all Subscriber Data as provided in Section 13.4 and elsewhere in these TOS.

3. **Premium Services** Premium Services include, but are not limited to, the following services. The Premium Services may require the payment of additional fees. YOU may contact MINDBODY for further information about Premium Services.

   a. **Transactional Histories** SUBSCRIBER may be eligible for importation of its transactional histories for an additional fee, as determined by MINDBODY in its

sole discretion.

b. **Supplemental Training**

1. In the event that YOU wish to receive supplemental training via telephone and an optional Internet link in addition to the Startup Training provided as a standard service, MINDBODY may provide such supplemental training to YOU at an additional charge based on MINDBODY's hourly rates in effect at the time such Supplemental Training is requested. These fees are subject to change at any time, without prior notice.
2. In the event that YOU wish to have Onsite Training, such training may be provided, at MINDBODY's discretion, at a fee to be agreed upon at the time of purchase of such training.

4. **Spafinder Integration**

a. **Introduction** Spafinder, Inc. provides specialized services to retail customers in the health, beautify, and fitness industries, including, without limitation, gift certificates, gift cards, and business listing services. These services are described on the Spafinder website. Spafinder is not affiliated with MINDBODY.

b. **Use of Spafinder Services** MINDBODY provides an optional service which allows YOU to automatically enroll in Spafinder's business listing services and gift card program. MINDBODY has found OUR Subscribers benefit from these services by generating additional revenue for their businesses. Therefore, YOU will be automatically enrolled in Spafinder's gift card program and YOU will be listed in their business directories, unless YOU choose to opt-out of these optional services. You can opt-out of these services at any time. If YOU do not opt-out, YOU will be deemed to have elected to participate in the Spafinder programs. YOUR use of the Spafinder services and YOUR relationship with Spafinder shall be based solely upon Spafinder's Privacy Policy and Partner Program Terms & Conditions. MINDBODY shall have no liability for any actions or omissions by Spafinder.

c. **Spafinder Gift Cards** are sold at over 70,000 locations worldwide. By participating in the Spafinder gift card program, YOU agree to accept and honor all Spafinder gift cards at full stated value for YOUR products and services on the same basis as cash or credit/debit cards. MINDBODY has integrated Spafinder's redemption confirmation process into our system to provide substantial time savings to OUR Subscribers. When a Spafinder gift card is used to purchase any of YOUR products or services, Spafinder will pay YOU up to the face value of the gift card, less the applicable redemption fee. MINDBODY has negotiated with Spafinder to obtain a preferred fee structure for OUR Subscribers. For more

information on fees associated with Spafinder gift cards please contact Spafinder directly. YOU can choose to terminate YOUR participation in the Spafinder gift card program at any time.

d. **Spafinder Directories** allow members of the public to find businesses that accept Spafinder gift cards. YOU must participate in the Spafinder gift card program to be listed in the Spafinder business directories. As long as YOU subscribe to this optional service, MINDBODY will automatically create a listing for YOUR business after YOU have effectively completed a Subscriber Order. YOU can choose to remove YOUR listing at any time.

e. **Opting-out** YOU can terminate YOUR participation in Spafinder programs by: (1) using the tools located in Business Mode of MINDBODY Online to opt-out of the programs, (2) contacting Spafinder directly to notify them that YOU wish to terminate YOUR participation, or (3) refusing to accept and honor Spafinder gift cards. Should YOU opt-out by refusing to accept Spafinder gift cards, YOU will not be able to reenroll in the Spafinder programs without first contacting Spafinder and receiving their approval.

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4. Payment

1. **Payment Terms** MINDBODY calculates and bills its charges and fees on a monthly basis. Commencing on the Effective Date and continuing on the same calendar day of the month as the Effective Date for each calendar month thereafter until the Termination Date, Subscriber shall pay MINDBODY, in advance, the Subscription Fees, plus any other amount(s) payable by Subscriber under the Contract for the upcoming Billing Period The Subscription Fees shall be prorated for any partial monthly period that occurs during the Subscription Term.
2. **Late Payment**

   a. WE may charge YOU interest on all late payments at the lower of 1.5% per month or such maximum interest rate as may be imposed by applicable law in the jurisdiction in which YOU are located. Any payment not received within thirty (30) days after the applicable due date shall be considered a default under the Contract. Thereupon, MINDBODY shall be entitled to suspend or deactivate YOUR account and use of the Digital Properties. WE may not provide advanced notice of suspension or deactivation of YOUR account for late payment.

   b. In the event that WE suspend or deactivate YOUR account for late payment of Subscription Fees and WE later decide to reactivate such account at YOUR request, YOU shall pay MINDBODY a one hundred and fifty dollar ($150)

reactivation fee per business location prior to any such reactivation. This reactivation fee is not intended to be a penalty but an estimate of actual costs to be incurred by MINDBODY in reactivating suspended accounts. MINDBODY reserves the right to change the amount of the reactivation fee, from time to time, at any time. MINDBODY will notify you at least thirty (30) days before any such change takes effect.

c. If YOU are not up to date on all payments of Subscription Fees then due within ninety (90) days after the applicable due date, MINDBODY shall be entitled to terminate the Contract for cause pursuant to Article 13 below. If any amount payable by YOU is not received within thirty (30) of the applicable due date on three (3) separate occasions during a running twelve (12) month period, MINDBODY shall be entitled to terminate the Contract for cause pursuant to Article 13 below.

3. **Fees and Payment Options** YOU shall provide to US by the Effective Date, valid, up-to-date and complete payment information which shall be provided in at least one (1) of the following forms: credit card, checking account, or approved purchase order, all of which must be in a format that is acceptable to US and include any other relevant, valid, up-to-date and complete contact and billing details. The following conditions shall apply to each payment option:

   a. **Credit Card** The SUBSCRIBER hereby authorizes MINDBODY to bill SUBSCRIBER’s credit card on file with MINDBODY:

      1. On the Effective Date for the Subscription Fees payable for the initial Billing Period; and
      2. Subject to Article 13, on each monthly anniversary of the Effective Date for the Subscription Fees then payable;

   b. **Checking Account** The SUBSCRIBER hereby authorizes MINDBODY to collect the Subscription Fees via automatic ACH payment from SUBSCRIBER's checking account on file with MINDBODY:

      1. On the Effective Date for the Subscription Fees payable for the initial Billing Period; and
      2. Subject to Article 13, on each monthly anniversary of the Effective Date for the Subscription Fees then payable;

   c. **Purchase Order.** If you elect to pay by purchase order, MINDBODY shall invoice the SUBSCRIBER:

      1. On the Effective Date for the Subscription Fees payable for the initial Billing

Period; and

2. Subject to Article 13, at least 30 days prior to each monthly anniversary of the Effective Date for the Subscription Fees payable upon such date.

4. **Changes in Fees** WE reserve the right to change the amount of the the Subscription Fees if YOU wish to acquire and/or operate additional business units and/or locations in excess of those specified on the Order Acceptance. In addition, if the number of Practitioners working at a single location is increased, the Subscription Fees charged for that location shall be subject to increase according to the pricing structure in effect at that time. MINDBODY shall give YOU at least thirty (30) days advance written notice of any change in such fees.
5. **Taxes** OUR fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes, assessable by any jurisdiction whatsoever (collectively, “Taxes”). YOU are responsible for paying all Taxes associated with YOUR purchases under the Contract. If WE have the legal obligation to pay or collect Taxes for which YOU are responsible under this Section 4.5, WE will invoice YOU for payment unless YOU provide a valid tax exemption certificate issued by the appropriate taxing authority. For clarity, it is understood that MINDBODY is solely responsible for all taxes assessable against MINDBODY based on its income, property and employees.

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5. Intellectual Property

1. **MINDBODY Intellectual Property**

    a. The Contract does not provide YOU with title or ownership of any of the Digital Properties, the Compiled Data, or any components thereof, but only a right of limited use, as specifically provided in Article 6 and applicable Addenda to these TOS. MINDBODY shall have sole and exclusive ownership of all right, title, interest, copyright, and other intellectual property rights in and to:

        1. The Compiled Data and any portion thereof;
        2. The Services (including but not limited to any code, images, photographs, animations, video, audio, music, text, and applets that WE provide);
        3. The Associated Websites (including but not limited to any code, images, photographs, animations, video, audio, music, text, and applets that WE provide);
        4. The Mobile Applications (including but not limited to any code, images,

photographs, animations, video, audio, music, text, and applets that WE provide);

5. All derivatives, modifications, and enhancements of such intellectual property (including ownership of all patents, trade secrets, trademarks and copyrights pertaining thereto), subject only to the rights and privileges expressly granted to SUBSCRIBER in Article 6 below and applicable Addenda to these TOS.

b. MINDBODY, the MINDBODY mark, the MINDBODY logo, the MINDBODYONLINE url, and the names, logos and icons of all of OUR Digital Properties are trademarks or registered trademarks of MINDBODY in the U.S. and/or other countries. Except for the limited licenses granted to YOU in Article 6 and applicable Addenda to these TOS, MINDBODY reserves all of OUR intellectual property rights in the Digital Properties. No part of the Contract, the Digital Properties, or any content on the Digital Properties may be copied for any purpose without the express written permission of MINDBODY.

2. **SUBSCRIBER's Intellectual Property** YOU assume sole responsibility for the protection of any patents, copyrights, trade secrets, trademarks, service marks, trade names and other intellectual property wholly or partially owned by YOU or which YOU are authorized to use or display.
3. **Use of SUBSCRIBER's Trademarks** YOU hereby grant US authorization to list YOU as a MINDBODY Subscriber, and include YOUR name and trademarks in the Public Services, OUR public directories, the Associated Sites, and the Mobile Applications. WE will, however, provide YOU with the ability to remove YOUR name, information, and trademark from public display at any time. If WE receive notice or documentation demonstrating that another person or entity contests YOUR right to use or display a name, trademark, service mark, or other content, WE may, at OUR sole discretion, discontinue listing YOU in OUR public directories and OUR Digital Properties without liability to YOU until such time as YOU have resolved any such dispute to OUR satisfaction.
4. **Third Party Intellectual Property** Other trademarks and logos used in connection with the Digital Properties may be the trademarks or registered trademarks of their respective owners. These TOS and applicable Addenda do not grant YOU any right or license with respect to any such trademarks or logos. All trademarks used within the Digital Properties are property of their respective owners in the U.S. and other countries.
5. **DMCA Notice Procedures** WE respect the intellectual property of others. However, we shall have no obligation to monitor the use of trademarks, copyrights, or other rights of Subscriber or third parties. If YOU are the owner of the exclusive rights in any

intellectual property, or are authorized to act on behalf of an owner of any such exclusive rights and YOU want to send US a notification of claimed infringement, YOU must submit a notification containing the following information (as required under the Digital Millennium Copyright Act (17 U.S.C. § 512)):

a. A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that has allegedly been infringed;

b. Identification of the copyrighted work or trademark claimed to have been infringed;

c. Identification of the material that is claimed to be infringing or to be the subject of infringing activity that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit MINDBODY to locate such material;

d. Information reasonably sufficient to permit MINDBODY to contact YOU, such as an address, telephone number, and e-mail address;

e. A statement that SUBSCRIBER has a good faith belief that the use of the subject material in the manner complained of is not authorized by the owner, its agent, or the law; and

f. A statement, under penalty of perjury, that (i) the information in the notice is accurate and (ii) that YOU are authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

g. Please e-mail the foregoing information to privacy@mindbodyonline.com.

6. **Repeat Infringer Policy** YOUR use of infringing content in connection with OUR Digital Properties shall constitute a breach of the Contract. WE may, in appropriate circumstances and in OUR sole discretion, remove, suspend, terminate access or take other appropriate action against MINDBODY Subscribers who infringe the intellectual property or other rights of others on a single occasion. WE have a policy which, in appropriate circumstances and in OUR sole discretion, provides for the termination of MINDBODY Subscribers who repeatedly infringe upon the intellectual property or other rights of others. MINDBODY Subscribers who repeatedly infringe are those for whom WE have received more than two valid notices of infringement, absent exceptional circumstances.

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6. Licensing Matters

1. **WARNING: NO TRESPASSING** OUR Digital Properties are maintained by US and are intended for the exclusive use and benefit of MINDBODY, its customers, prospective

customers, authorized partners, vendors, prospective vendors, employees and prospective employees (collectively, the "Authorized Persons"). No other persons are authorized to visit or enter of OUR Digital Properties for any purpose. All information contained in the Digital Properties is OUR proprietary information and usage thereof shall be subject to the Standard Services License granted by MINDBODY in Section 6.2 below. Persons entering the Associated Websites, whether authorized or not, shall be deemed to have automatically accepted the terms and conditions of the Standard Services License at the time of initial entry. If any unauthorized person attempts to visit or enter the Digital Properties, they shall be deemed to be accessing a computer without authorization and trespassing on the Digital Properties and they shall be liable for damages, etc. resulting therefrom. No Person, authorized or not, shall be entitled to copy, extract, decompile, or otherwise use OUR proprietary information, through scraping, spidering, crawling or any other technology or software used to access data located on or contained in the Digital Properties without the express written consent of MINDBODY. YOUR violation of the provisions of any license granted by MINDBODY under these TOS or other portion of the Contract shall constitute, among other offenses, trespass, breach of contract, and access of a computer without authorization with the intent to cause damage.

2. **Standard Services License**

   a. On the condition that YOU comply with all of YOUR obligations under the Contract and subject to all the terms and conditions of Contract, WE grant YOU a limited, revocable, nonexclusive, nonassignable, nonsublicenseable license, and right to access, use, display, and run the Associated Websites and Purchased Services (excluding the Connect Service, MBX, and Premium Services) through a generally available web browser, mobile device or MINDBODY authorized application (but not through scraping, spidering, crawling or any other technology or software used to access data without the express written consent of MINDBODY) for use in connection with YOUR business in accordance with the terms and conditions found in the Contract.

   b. This Standard Services License is in addition to other licenses WE may grant in these TOS and Addenda hereto. Such additional licenses include but are not limited to the Limited Access Licenses granted in Addendum A.

   c. YOU agree that OUR Services are licensed on a per SUBSCRIBER basis. YOUR rights to access and/or utilize OUR Digital Properties may not be shared between YOU and any third party or used by any third party, except as otherwise authorized by YOU in accordance with the terms and conditions contained in these TOS and the Grant of Third Party Access to Subscriber Data attached hereto as Addendum A.

3. **End Users' License** On the condition that an End User complies with all of the terms and conditions of the Contract and subject to all the terms and conditions of the Contract, WE grant such End User a limited, revocable, nonexclusive, nonassignable, nonsublicenseable license and right to access, use, display, and run the Public Services through a generally available web browser, mobile device, or MINDBODY authorized application (but not through scraping, spidering, crawling or any other technology or software used to access data without the express written consent of MINDBODY) to schedule classes, make purchases, and for any other use that MINDBODY currently makes available or may make available in the future through the Public Services.

4. **Limitation on Rights Granted** MINDBODY reserves all rights not expressly granted in these TOS, including, without limitation, title, ownership, intellectual property rights, and all other rights and interest in OUR Digital Properties and all related items, including any and all copies made of the Digital Properties.

5. **Grant of License to End User Data** An End User, Employer, or Employee Benefit Manager may request, pursuant to Sections 2.3.c. and 2.3.d. above, access to the End User Data stored by YOU on MINDBODY's host computer system that is associated with such End User. On the condition that such request is made, YOU hereby grant MINDBODY a nonexclusive, irrevocable, worldwide, perpetual, assignable, sublicensable, fully paid-up and royalty-free license and right to use, copy, distribute, publish, improve, add to, prepare derivative works of, process, analyze, use and commercialize the subject End User Data without any further consent, notice and/or compensation to YOU or to any third party. By submitting End User Data YOU represent and warrant that YOU are entitled to use the End User Data and that YOUR submission of End User Data is not in violation of any contractual restrictions or third party intellectual property rights.

6. **Restrictions** SUBSCRIBER shall not, in whole or in part, directly or indirectly:

    a. Reverse engineer, disassemble, decompile, translate, reproduce, modify, alter, or otherwise attempt to access or derive the source code or the underlying ideas, algorithms, structure, or organization of the Digital Properties or reduce the Digital Properties to a human-perceivable format;

    b. Remove any copyright notices, logos, identification, or any other proprietary notices from the Digital Properties;

    c. Make any change to the Digital Properties or create any derivative works thereof; or

    d. Publish, sell, rent, lease, sublicense, transfer, transmit, resell, or distribute the Digital Properties or any part thereof.

7. Confidentiality

1. **Confidential Information** For the purposes of the Contract, “Confidential Information” shall include the Services, the Subscriber Private Data, and any accompanying or related documentation. Confidential Information does not include information which is:

    a. Independently developed by the receiving party without the use of Confidential Information;

    b. Rightfully obtained by the receiving party from a third party without restriction;

    c. Publicly known at the time of disclosure or which becomes publicly known thereafter by any means other than through the fault or negligence of the receiving party;

    d. Disclosed without restriction by the disclosing party to anyone, including the U.S. Government as supported by written records;

    e. Known to the receiving party at the time of disclosure, as supported by competent proof; or

    f. End User Data that is requested by an End User, Employer, or Employee Benefit Manager, as provided in Sections 2.3.c. and 2.3.d. above.

2. **Protection of Confidential Information**

    a. During the term of the Contract and for a period of five (5) years after its termination or expiration, the PARTIES agree they shall not disclose any of the Confidential Information in any manner whatsoever, except as provided in Sections 7.2.c. and 7.2.d. below, and shall hold and maintain the Confidential Information in strictest confidence.

    b. A party may disclose Confidential Information to such party's directors, officers, employees, agents and financial, legal, other advisors and affiliates (collectively, “Representatives”) with a bona fide need to know such Confidential Information, but only to the extent necessary to evaluate or carry out the terms of the Contract and only if such Representatives are advised of the confidential nature of such Confidential Information and the terms of the Contract and are bound by a written agreement or by a legally enforceable code of professional responsibility to protect the confidentiality of such Confidential Information.

    c. The PARTIES acknowledge and agree that nothing in this Article 7 shall prohibit the collection, compilation, and distribution of any Compiled Data by MINDBODY in accordance with Section 2.4 above, or of any End User Data that is requested

by an End User, Employer, or Employee Benefit Manager, as described in Sections 2.3.c. and 2.3.d. above.

d. A party may disclose Confidential Information to the extent that such disclosure is required by court order, provided that such party provides the other party a reasonable opportunity to review the disclosure before it is made and to interpose its own objection to the disclosure.

e. The Confidential Information is being disclosed by the PARTIES solely for the purpose stated herein. The PARTIES specifically agree not to use the Confidential Information for any other purpose.

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8. Interoperability Requirements

1. **YOUR Responsibilities**

   a. YOU shall maintain the functional operation of all of YOUR mobile devices, workstations, networks, and Internet connections necessary to ensure proper operation of the Purchased Services, including installation and operation of any associated operating system and web browser according to applicable manufacturer specifications and recommendations.

   b. Prior to contacting MINDBODY concerning connectivity problems, YOU shall verify that YOU are able to properly connect to the Internet by verifying navigation through common websites such as www.cnn.com or www.google.com, and YOU shall verify that YOU are running an up-to-date version of Internet Explorer, Mozilla Firefox or Safari.

2. **Technical Requirements** The communications and network interoperability for the Purchased Services require a high-speed Internet connection, modern web browser, modern smartphone and modern computer. See computing requirement details.

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9. Limited Warranty

1. **Purchased Services Warranty**

   a. To qualify for the Purchased Services warranty, YOU must maintain a subscription for a minimum of twelve (12) consecutive months, as measured in accordance with Section 9.1.d. below.

b. MINDBODY warrants that the Purchased Services shall be 99.9% available twenty-four (24) hours per day, seven (7) days per week, three-hundred and sixty-five (365) days a year. This translates to eight (8) hours and forty-five (45) minutes of unplanned outage time as measured over twelve (12) months, subject to all the provisions of this Article 9.

c. Our server inventory will be expanded as required to accommodate YOUR progressive data expansion. OUR hardware expansion will keep up with YOUR needs so that OUR website performance will not be slowed by either YOUR data expansion or the addition of new MINDBODY Subscribers.

d. If the cumulative service level for the Purchased Services drops below 99.9% for a twelve (12) month period, as measured from the Effective Date and revisited on each twelve (12) month anniversary of the Effective Date, WE will credit YOU with complimentary service to be used in the following twelve (12) months, according to the following schedule:

    1. 98% - 99.8% availability of the Purchased Services: one (1) free month of service;
    2. 95% - 97.9% availability of the Purchased Services: two (2) free months of service;
    3. 90% - 94.9% availability of the Purchased Services: six (6) free months of service; and
    4. Less than 90% availability of the Purchased Services: twelve (12) free months of service.

e. To receive any credit of complimentary service pursuant to this Article 9, YOU shall notify US in writing of YOUR intent to collect the complimentary service in a timely manner. Any such written notice shall be delivered to US no later thirty (30) days after the twelve (12) month anniversary of the Effective Date which concludes the twelve (12) months in which the availability of the Purchased Services fell below the warranted level.

f. To the extent that WE do not receive timely notice from YOU as provided in Section 9.1.e. above,

    1. WE shall have no further obligation to provide YOU with any free service; and
    2. YOU shall be deemed to have waived and released US from any and all claims related to YOUR use or non-use of the Purchased Services during the applicable 12-month period.

g. YOU shall not receive any credit or refund under this Article 9 in connection with

any failure or deficiency caused by or associated with any of the following:

1. Circumstances beyond OUR reasonable control, including, but not limited to, war, sabotage, terrorism, armed conflict, embargo, fire, flood, earthquake, labor disputes or strikes, power outage, Internet virus, or denial of service attacks;
2. Major telecommunications or Internet failure outside of OUR control;
3. YOUR acts or omissions, those of YOUR employees, or those of YOUR Representatives, including but without limitation to, custom scripting or coding, any negligence, willful misconduct, or use of the Purchased Services outside the scope of the Contract; and
4. Scheduled Maintenance conducted between the hours of 9:00 PM and 9:00 AM in the Pacific Time Zone for which SUBSCRIBER receives at least forty-eight (48) hours prior notice.

2. **MINDBODY Nightly Scripts** For MINDBODY functionality that requires nightly scripts, (e.g. automatic e-mails, generation of automatic payments, batch settlement of Integrated Merchant Account transactions, and maintenance on expired series) the nightly scripts will be finished within twenty-four (24) hours of their scheduled date. If any of the MINDBODY nightly scripts do not finish within twenty-four (24) hours of their scheduled date, MINDBODY will notify YOU of the delay and forecasted completion date of the nightly scripts via email. YOU understand and acknowledge that the timely and successful completion of these scripts is, in part, dependent on third parties (including payment processors) and that WE cannot provide any warranties or assurances as to the reliability and functionality of any third party processes.
3. DISCLAIMER OF FURTHER WARRANTIES

    a. EXCEPT AS EXPRESSLY PROVIDED IN THIS ARTICLE 9, THE SERVICES AND ANY APPLICATIONS, OR THIRD-PARTY CONTENT MADE AVAILABLE ON OR THROUGH THE DIGITAL PROPOERTIES ARE PROVIDED ON AN AS IS BASIS, WITH ALL FAULTS. MINDBODY MAKES NO REPRESENTATIONS, WARRANTIES, OR ASSURANCES, EXPRESS, IMPLIED, OR STATUTORY, WITH RESPECT TO THE SERVICES OR ANY OTHER MATTERS.

    b. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MINDBODY HEREBY EXPRESSLY DISCLAIMS ALL EXPRESS, IMPLIED AND STATUTORY WARRANTIES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, ABSENCE OF VIRUS OR OTHER HARMFUL COMPONENTS, NEGLIGENCE, OR LACK OF WORKMANLIKE EFFORT ON THE

PART OF MINDBODY. NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY YOU FROM MINDBODY, REPRESENTATIVES OF MINDBODY, OR THROUGH OUR SERVICES WILL CREATE ANY WARRANTY NOT EXPRESSLY STATED IN THIS ARTICLE 9.

c. YOU UNDERSTAND AND AGREE THAT YOU WILL USE, ACCESS, DOWNLOAD, OR OTHERWISE OBTAIN INFORMATION, MATERIALS, OR DATA THROUGH THE SERVICES OR ANY ASSOCIATED WEBSITES OR APPLICATIONS AT YOUR OWN DISCRETION AND RISK AND THAT YOU WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO YOUR PROPERTY (INCLUDING YOUR COMPUTER SYSTEM USED IN CONNECTION WITH THE SERVICES) OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OR USE OF SUCH INFORMATION, MATERIAL, OR DATA.

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10. Limitation of Liability

1. **LIMITED LIABILITY FOR CARDHOLDER DATA**

   a. MINDBODY EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY AND SHALL NOT BE RESPONSIBLE FOR ANY DAMAGES OR LOSS CAUSED, OR ALLEGED TO BE CAUSED, BY THE TRANSMISSION OF CARDHOLDER DATA PRIOR TO ITS ENCRYPTION AND RECEIPT BY OUR SERVER(S). THE EXCLUDED DAMAGES SHALL INCLUDE, WITHOUT LIMITATION, DAMAGES RESULTING FROM FRAUD, EMBEZZLEMENT, THEFT, IDENTITY THEFT, OR INVASION OF PRIVACY. THIS SECTION 10.1 SHALL BE INTERPRETED AND APPLIED SUBJECT TO THE LIMITATION OF MINDBODY'S LIABILITY SET FORTH IN SECTION 10.2 BELOW.

   b. MINDBODY expressly disclaims any and all liability resulting directly or indirectly from YOUR or End Users' handling of Cardholder Data. WE strongly recommend that YOU follow the requirements of the PCI DSS when handling Cardholder Data. In connection with YOUR use of the Purchased Services, YOU shall follow the Cardholder Data Recommended Practices (Article 1 of the Security Policy), as same may be updated from time to time, at any time.

   c. YOU and End Users understand and agree that:

      1. Transmitting Cardholder Data on the Internet may involve certain security risks;
      2. Abiding by the Cardholder Data Recommended Practices may reduce such risks;

3. OUR server(s) provide a secure, encrypted environment for storing Cardholder Data; and
4. MINDBODY shall be responsible for the security of Cardholder Data only after the encryption and receipt of the Cardholder Data by MINDBODY's server(s).

2. **LIMITATION OF MINDBODY'S LIABILITY** THIS SECTION 10.2 SHALL APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. SOME OR ALL OF THE LIMITATIONS OR EXCLUSIONS CONTAINED IN THIS SECTION 10.2 MAY NOT APPLY TO YOU IF YOUR STATE, PROVINCE, OR COUNTRY DOES NOT ALLOW ANY SUCH EXCLUSION OR LIMITATION.

   a. IN NO EVENT SHALL MINDBODY BE LIABLE FOR ANY CLAIM ASSERTED AGAINST YOU BY ANY THIRD PARTY, EVEN IF MINDBODY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIM.

   b. YOU AGREE THAT YOUR EXCLUSIVE REMEDY FOR ANY CLAIM ASSERTED AGAINST MINDBODY SHALL BE TO RECOVER DIRECT DAMAGES UP TO AN AMOUNT EQUAL TO THE AMOUNT OF SUBSCRIPTION FEES PAID BY YOU IN THE TWELVE (12) MONTHS PRECEDING SUCH CLAIM.

   c. YOU AGREE THAT IN NO EVENT SHALL MINDBODY BE LIABLE TO YOU FOR ANY OTHER DAMAGES OR LOSSES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST REVENUES, OR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF FORM OR THEORY OF LIABILITY, EVEN IF MINDBODY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

   d. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF OR IN CONNECTION WITH THE CONTRACT MAY BE BROUGHT BY YOU MORE THAN ONE (1) YEAR AFTER THE FIRST TO OCCUR OF:

      1. THE TERMINATION OR EXPIRATION OF THE CONTRACT; OR
      2. THE EVENT GIVING RISE TO SUCH CAUSE OF ACTION.
      3. THE LIMITATIONS AND EXCLUSIONS IN THIS SECTION 10.2 APPLY EVEN IF THE REMEDY FAILS TO ACHIEVE ITS ESSENTIAL PURPOSE OR DOES NOT FULLY COMPENSATE YOU FOR ANY LOSSES. THE LIMITATIONS AND EXCLUSIONS IN THIS SECTION 10.2 APPLY TO ANY CAUSE OF ACTION RELATED TO THE CONTRACT, INCLUDING, WITHOUT LIMTIATION, DELAYS OR FAILURES IN STARTING OR COMPLETING TRANSMISSIONS OR TRANSACTIONS; CLAIMS FOR BREACH OF CONTRACT, WARRANTY, GUARANTEE, OR CONDITION; STRICT LIABILITY; NEGLIGENCE;

MISREPRESENTATION OR OMISSION; TRESPASS; VIOLATION OF STATUTE OR REGULATION; OR UNJUST ENRICHMENT.

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11. Indemnity

1. **Indemnification by SUBSCRIBER** YOU agree to indemnify, defend, and hold MINDBODY, its subsidiaries, and Representatives harmless from and against any and all claims, charges, damages and expenses (including, but not limited to, reasonable attorneys' fees and costs) based upon, arising out of, or otherwise related to:

    a. YOUR violation of the rights of a third party, including infringement by YOU of any intellectual property or other property rights of any such third party;

    b. Access to, use, or misuse of any part of OUR Digital Properties, the Subscriber Data, and/or the Cardholder Data by YOU or YOUR Representatives;

    c. YOUR or YOUR Representatives' failure to comply with any applicable privacy law and/or any other applicable law or regulation;

    d. Any ownership dispute between YOU and a third party; and/or

    e. Any dispute or conflict of ownership between constituent members or owners of SUBSCRIBER with regard to ownership of intellectual property and/or equity interests in the legal entity that constitutes SUBSCRIBER.

2. **Indemnification by MINDBODY** WE agree to indemnify, defend, and hold YOU, YOUR subsidiaries, affiliates, and Representatives harmless from and against any and all claims, charges, damages, and expenses (including, but not limited to, reasonable attorneys' fees and costs) based upon, arising out of, or otherwise related to:

    a. Any breach by US of the **Privacy Policy** materially affecting YOUR Subscriber Data;

    b. Any breach by US of the **Security Policy** materially affecting YOUR Subscriber Data;

    c. Any infringement by US of a third party's intellectual property rights; or

    d. MINDBODY's storage and protection of Cardholder Data, provided:

        1. Such Cardholder Data has been properly entered into the encrypted fields provided in the Services in accordance with the PCI DSS; and

        2. Such Cardholder Data is encrypted and received by MINDBODY's server(s).

12. Cancellation and Refund Policy

1. **Cancellation and Refund** YOU shall have thirty (30) days from the date of purchase to determine whether the Purchased Services do not meet YOUR needs. If the Purchased Services do not meet YOUR needs, then YOU must notify MINDBODY in writing within thirty (30) days after the Effective Date that YOU wish to terminate the Purchased Services and receive a refund of the corresponding subscription fees paid by YOU, less the cost of any Services provided prior to such cancellation based on MINDBODY's subscription fees in effect at the time of such cancellation.
2. **Current SUBSCRIPTION Fees** For the purposes of this Article 12, MINDBODY's current subscription fees may be found at https://purchase.mindbodyonline.com/. These fees are subject to change from time to time, at any time, without notice.

13. Term and Termination

1. **Term** The term of the Contract commences on the Effective Date and shall continue on a month to month basis until terminated by either party in accordance with Section 13.2 below.
2. **Termination** The date on which the Contract is terminated shall be the “Termination Date.” YOU may terminate the Contract for any reason by providing advance written notice via email to ClientCare@mindbodyonline.com at least thirty (30) days prior YOUR chosen Termination Date. WE may terminate the Contract for any reason by providing notice to YOUR email address on file at the time at least thirty (30) days prior to the Termination Date that WE select.
3. **Termination for Cause** In the event of a breach or default of the Contract by YOU, WE shall have the right to immediately terminate the Contract without notice. In the event of any breach or default of the Contract by MINDBODY, YOU shall have the right to terminate the Contract by giving thirty (30) days written notice to US; provided, however, that WE shall have the right to cure said reason for the termination during the thirty (30) day notice period. In the event WE cure the breach, the Contract shall remain in full force and effect. YOU will not have the right to cancel any portion of the Contract and/or receive a refund pursuant to Article 12 above if YOU breach the Contract.
4. **Data Portability and Deletion**

a. Upon the termination of the Contract by either party, YOU may:

   1. **Perform One Free Data Download** Within 30 days after the Termination Date, YOU will be permitted to download, without charge, a copy of the then current Subscriber Data, except for Cardholder Data, via the reporting feature of the Purchased Services. Such Subscriber Data will be provided in a standard file type and will not contain MINDBODY's proprietary information. Support documentation explaining the use of this self-service feature can be found here.
   2. **Request an Assisted Data Download** For an additional fee, YOU may request that WE provide YOU a copy of the then current Subscriber Data, including Cardholder Data via a PCI-DSS approved secure file transfer method, within five (5) business days of such request. Such file transfer will not contain MINDBODY proprietary information.

b. Effective as of 12:01 am on the thirty-first (31st) day after the Termination Date, WE will have no further obligation to maintain or provide Subscriber Data and will thereafter delete and/or destroy all copies of Subscriber Data stored on YOUR behalf that are in OUR systems or otherwise in OUR possession or control, unless legally prohibited from doing so.

5. **Effect of Termination** Upon termination of the Contract for any reason, all fees set forth in Article 4 above shall become immediately due and payable.

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14. Governing Law and Dispute Resolution

1. **Governing Law and Jurisdiction** PARTIES agree that the Contract shall be deemed to have been made and executed in the State of California, U.S. Any Dispute (as defined below) arising under the Contract shall be resolved in accordance with U.S. federal law and the laws of the State of California, without giving effect to the principles of conflicts of laws of any jurisdiction. PARTIES agree if Section 14.2 below is deemed to be null and void, all Disputes arising between PARTIES under the Contract shall be subject to the exclusive jurisdiction of the San Luis Obispo Superior Court and the western division of the U.S. District Court for the Central District of California. PARTIES hereby consent to the exclusive jurisdiction of such courts and submit to the personal jurisdiction and venue of such courts.
2. **Binding Arbitration Agreement** Both PARTIES and each of their respective subsidiaries, affiliates, and Representatives agree that any dispute, action, or other controversy ("Dispute") with respect to the Contract shall be resolved by binding

arbitration. PARTIES acknowledge that these TOS and YOUR use of the Digital Properties evidence a transaction involving interstate commerce. The Federal Arbitration Act ("FAA"), 9 U.S.C. §1, et seq., shall control any arbitration proceedings commenced under this Section 14.2. Arbitration shall be the exclusive dispute resolution process. YOU understand that YOU and MINDBODY are giving up the right to sue in court and to have a trial before a judge or jury.

a. Either YOU or MINDBODY may commence arbitration by sending a written notice of intent to arbitrate to the other party. Such notice shall (i) describe the nature and basis of the matter and (ii) set forth the specific relief sought.

b. The arbitrator shall apply the Commercial Arbitration Rules of the American Arbitration Association ("AAA") and, where applicable, the AAA's Supplementary Procedures for Consumer Related Disputes, both of which are available at http://www.adr.org. The Contract shall control to the extent it conflicts with the AAA's Commercial Arbitration Rules and Supplementary Procedures for Consumer Related Disputes. The arbitrator shall comply with the terms of the Contract.

c. All arbitrations shall take place in the County of San Luis Obispo, California. YOU may request a telephonic hearing pursuant to the AAA rules. In a Dispute involving $10,000 or less, any hearing will be telephonic unless the arbitrator finds good cause to hold an in-person hearing instead.

d. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court of competent jurisdiction. The arbitrator (if permitted under applicable law) or such court may issue a writ of execution to enforce the arbitrator's decision.

e. The PARTIES shall share equally all initial costs of arbitration. All arbitration proceedings shall be closed to the public and confidential. All records relating thereto shall be permanently sealed, except as necessary to obtain court confirmation of the arbitration award.

f. This Section 14.2 does not prevent YOU from bringing YOUR Dispute to the attention of any federal, state, or local government consumer protection agencies that can, if the law allows, seek relief from MINDBODY on your behalf.

3. **Class Action Waiver** PARTIES agree that any proceedings to resolve or litigate any Dispute will be conducted solely on an individual basis. PARTIES agree that they shall not bring or participate in any class action, private attorney general action, collective arbitration, or any other proceeding in which either party acts in a representative capacity, even if AAA's procedures or rules would otherwise allow such action. PARTIES also agree that if this Section 14.3 is found to be unenforceable, then Section

14.2 above and any other provision of the Contract concerning mandatory arbitration shall not apply to any action involving a purported class or representative proceeding, and such actions between PARTIES shall proceed, if at all, in accordance with Section 14.1 above.

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15. General Terms and Conditions

1. **Disclaimer** SUBSCRIBER understands and agrees that MINDBODY provides references to various personal services, including health, wellness, and fitness services provided by third parties. MINDBODY does not evaluate, and is not responsible for, any services provided by any third party. NOTHING IN THIS AGREEMENT SHALL RESULT IN MINDBODY BEING LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES RESULTING FROM A REFERRAL TO ANY THIRD PARTY SERVICE PROVIDER.
2. **Survivability** The parties' rights and obligations under Articles 7 (Confidentiality), 10 (Limitation of Liability), 11 (Indemnity), and 14 (Governing Law and Dispute Resolution), as well as any obligations to pay Subscription Fees and other amounts owing that accrued prior to termination, shall survive any expiration or termination of this Agreement.
3. **Assignment and Assumption** YOU may not assign or delegate any right or obligation under the Contract without OUR prior written consent, which WE may withhold at OUR sole discretion. WE may require any proposed assignee of the Contract to enter into a new written agreement with US. WE may assign or delegate any of OUR rights or obligations under the Contract to any Person or entity, and thereafter be relieved of all liability hereunder.
4. **Severability and Construction** If any provision of the Contract shall be held by a court, arbitrator, or other tribunal of competent jurisdiction to be unenforceable, the other portions of the Contract shall remain in full force and effect. The Contract shall be interpreted without regard to any presumption or rule requiring construction against the party that caused the Contract to be drafted. Within these TOS, except where the context clearly otherwise requires, the singular shall include the plural and vice versa, and the words "include", "includes" and "including" are deemed to be followed by the phrase "but not limited to", "without limitation" or words of similar import.
5. **Notices**

    a. All notices, requests, demands, and other communications shall be validly given

if delivered in person, by facsimile transmission, by electronic mail, or by registered or certified mail addressed to the other party at the address provided in the Subscriber Order or in the signature block of these TOS, unless such party has notified the other party of a substitute contact information in writing pursuant to this Section 15.5.

b. Notices delivered in person or sent via facsimile or electronic mail during normal business hours shall be deemed to be received on the same date. Notices forwarded by registered or certified mail shall be deemed to be delivered three (3) days after such notice was mailed.

6. **Relationship** The PARTIES will be doing business at their own risk and for their own profit. Nothing in the Contract shall constitute a joint venture, partnership, or agency relationship between SUBSCRIBER and MINDBODY or authorize either party to make any representation on behalf of or in any way to bind the other party to any obligation of any kind, express or implied, to any third party, or to incur any liability on behalf of the other party.
7. **Compliance with Laws** YOU shall, at YOUR expense, comply with all laws, ordinances, rules, regulations and other requirements, including HIPAA and laws relating to the privacy, transmission and use of personal or confidential information and data, of the government having jurisdiction pertaining to or in relation to any matter connected with or arising out of the Contract.
8. **Export Compliance** The Services, related software components, other technology, and derivatives thereof may be subject to the export laws and regulations of the United States and other jurisdictions. YOU shall not use the Services in violation of any export law or regulation including the Export Administration Act of 1979, as amended (the “Act”), any successor legislation and the Export Administration Regulations issued by the Department of Commerce under the Act. YOU represent that YOU are not named on any U.S. government denied-party list. YOU shall not access or use the Services if YOU are located in a U.S.-embargoed country. YOU shall not provide access to the Digital Properties to any government, Person, or entity located in any such jurisdiction.
9. **Force Majeure** Neither party shall be liable hereunder by reason of delay in performance caused by force majeure, that is, circumstances beyond the reasonable control of a party, including, without limitation, acts of God, fire, flood, war, terrorist attack, armed conflict, embargo, civil unrest, labor unrest, power outage, Internet virus, denial of service attacks, or shortage of or inability to obtain materials and equipment.
10. **No Informal Waivers** The failure of either party to exercise any right or enforce any provision of the Contract, at any time or for any period of time, shall not be construed to be a waiver of that right or provision, or of the right of such party thereafter to

enforce that right or provision.

11. **No Third Party Beneficiary** The benefits and protections provided by the Contract shall inure solely to the benefit of the PARTIES. The Contract shall not be deemed to create any right in any Person or entity who is not a party to the Contract and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party unless specified in Addendum A to these TOS.
12. **Entire Agreement** PARTIES agree that the Contract constitutes the entire agreement between SUBSCRIBER and MINDBODY relating to the Services and supersedes all previous representations, understandings, and agreements, whether oral or written, or whether established by custom, practice, policy, or precedent, between the parties with respect to the subject matter of the Contract. The Contract shall not be modified except by the PARTIES' written agreement, or by a change to the Contract made as authorized in the Contract.
13. **Questions** All questions and requests for customer service or technical support should be directed to the MINDBODY Customer Service Team at 4051 Broad Street, Suite 220, San Luis Obispo, CA 93401. If YOU are in the U.S. or Canada call toll free at (877) 755-4279. If calling from outside the U.S. or Canada, YOU may call +1 (805) 476-2700. Email questions to support@mindbodyonline.com.

Addendum

Addendum A - GRANT OF THIRD PARTY ACCESS TO SUBSCRIBER DATA (109kb, PDF)

Addendum B - ACH SERVICES (74kb, PDF)

Addendum C - CONNECT SERVICE AGREEMENT (85kb, PDF)

Addendum D - ANALYTICS SERVICE AGREEMENT (90kb, PDF)

Addendum E - PREMIUM SUPPORT (97kb, PDF)

We protect your privacy

Date last modified: July 21, 2014

MINDBODY Inc. (MINDBODY) is a certified licensee of the TRUSTe Privacy Seal and abides by the EU and Swiss Safe Harbor Frameworks.

MINDBODY respects your privacy and we appreciate your interest in our organization. This Privacy Policy covers our collection, use and disclosure of information we collect through our websites, www.mindbodyonline.com and www.mindbodyexchange.com, our software as a service MINDBODY and MINDBODY Exchange and our mobile applications MINDBODY Express, MINDBODY Exchange Receipt Keeper; MINDBODY Connect, (collectively referred to in this Policy as our "Digital Properties").

The use of information collected through our service shall be limited to the purpose of providing the service(s) for which you have engaged MINDBODY. We will share your personal information with third parties only in the ways that are described in this privacy statement.

MINDBODY has been awarded TRUSTe's Privacy Seal signifying that this privacy policy and practices have been reviewed by TRUSTe for compliance with TRUSTe's program requirements and the TRUSTed Cloud Program Requirements including transparency, accountability and choice regarding the collection and use of your personal information. The TRUSTe program covers only information that is collected through these Digital Properties.

TRUSTe's mission, as an independent third party, is to accelerate online trust among consumers and organizations globally through its leading privacy Trustmark and innovative trust solutions. If you have questions or complaints regarding our privacy policy or practices, please contact us at privacy@mindbodyonline.com. If you are not satisfied with our response you can contact TRUSTe here. TRUSTe will then serve as a liaison with MINDBODY to resolve your concerns.

MINDBODY complies with the U.S. – E.U. Safe Harbor framework and the U.S. - Swiss Safe Harbor framework as set forth by the U.S. Department of Commerce regarding the collection, use, and retention of personal data from European Union member countries and Switzerland. MINDBODY has certified that it adheres to the Safe Harbor Privacy Principles of notice, choice, onward transfer, security, data integrity, access, and enforcement. To learn more about the Safe Harbor program, and to view MINDBODY

certification, please visit http://www.export.gov/safeharbor.

Terms of Use

Please note that your use of our Digital Properties is also subject to our MINDBODY Terms of Service (ToS), or other applicable End User License Agreements associated with such Digital Properties. In addition, when interacting with the MINDBODY Exchange service, this Privacy Policy is incorporated into, and part of, our General Terms of Use as applicable which governs your access and use of the Site and/or Services in general. All capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Terms of Use.

Information Related to Data Collected from You

Information we collect and how it is used

On certain pages, we give users the option of providing us with contact information or account registration information, including name, phone, and e-mail address, as a requirement If you choose to purchase a service from us or access some of our training materials we will collect information from you such as credit card number and billing name and address. Providing this information is voluntary which we use internally and with MINDBODY partners. All information collected while within the MINDBODY Digital Properties shall hereby be referred to as (“Collected Information”). When using our mobile applications we may collect information from your device such as unique device ID, device’s operating system, MAC address, and device type (“Device Information”). We will not provide your Device Information to any third party. MINDBODY follows the seven principles created by the US Department of Commerce's Safe Harbor Program.
When using the MINDBODY Exchange service, we will collect additional information relating to your role as a patient, practitioner or organization such as: age and personal health information when you register for an account or book an appointment. Your professional license number, type of state of issuance and expiration date if you register as a practitioner. If you register as an organization we will collect the first and last name and email address of your representative.
MINDBODY Exchange will also provide all users the opportunity to upload and store personal health records, health insurance information, medical history and records, and treatment notes about yourself or on behalf of others that are registered members of MINDBODY Exchange.

When using our mobile applications we may collect your Geo Location data in order to help find services located near you. If you have previously consented to the collection of

your Geo Location data and no longer wish to have it used, you can turn it off at the device level.

If you have opted into membership of our information newsletter, you may cancel participation in the email newsletters by following the instructions on each newsletter or by contacting us at info@mindbodyonline.com. Information you provide may be used by MINDBODY for marketing purposes, including but not limited to, one-off promotional e-mailing, direct mail, and sales contacts. We will honor all requests for list removal sent to info@mindbodyonline.com. If you provide your information to MINDBODY, at any time you can opt-out, which will allow you to save your personal information with MINDBODY, but MINDBODY will not use your information for marketing purposes.

Service Providers

We use other third parties such as credit card processing companies to bill you for services, a support provider to help us collect feedback and manage our support and an email service provider to send out emails on our behalf. We use live chat software to assist you if you have questions while using our site or regarding our service. When you sign up for our services, we will share your Collected Information only as necessary for the third party to provide that service.

Access to Personal Information

If your Collected Information changes, or if you no longer desire our service, you may correct, update, and delete/deactivate it by logging into your account and making the appropriate changes or by emailing our customer support at support@mindbodyonline.com. We will respond to your request within 30 days.

Tracking Technologies

MINDBODY employs, or our third party advertising partners employ, various tracking technologies, such as cookies, web beacons and analytics software, that help us better manage content on our Digital Properties by informing us what content is effective.

Cookies

When you visit our Digital Properties we send one or more “cookies” to your computer or other devices. Cookies are alphanumeric identifiers stored on your computer through your web browser and are used by most websites to help personalize your web experience. Some cookies may facilitate additional site features for enhanced performance and functionality such as remembering preferences, allowing social interactions, analyzing usage for site optimization, providing custom content, allowing third parties to provide social sharing tools, and serving images or videos from third party websites. Some features on this site will not function if you do not allow cookies. We may link the information we store in cookies to any Collected Information you submit while on our site.

We use both session ID cookies and persistent cookies. A session ID cookie expires when you close your browser. A persistent cookie remains on your hard drive for an extended period of time. Persistent cookies enable us to track and target the interest of our users to enhance the experience on our site. You can remove persistent cookies by following directions provided in your Internet browser's "help" file.

Functional cookies, persistent and session type, store information to enable core site functionality, such as Live Chat and Client ID remembrance.

Analytics cookies allow us to count page visits and traffic sources so we can measure and improve the performance of our site and our marketing campaigns.

Advertising cookies may be set through our website by our advertising partners. Data may be collected by these companies that enable them to serve up advertisements on other sites that are relevant to your interests.

If you reject cookies, you may still use our site, but some features on the site will not function properly.

Web Beacons

MINDBODY uses Web Beacons alone or in conjunction with cookies to compile information about our Digital Properties. Web Beacons are tiny graphic object that are embedded in a web page or email and is usually invisible to the user but allows checking that a user has viewed the page or email. Web Beacons may be used within the Digital Properties to track email open rates, web page visits or form submissions. In some cases, we tie the information gathered by Web Beacons to our customers' Collected Information. For example, we use clear gifs in our HTML-based emails to let us know which emails have been opened by recipients. This allows us to gauge the effectiveness of certain communications and the effectiveness of our marketing campaigns.

Third Party Tracking Technologies

The use of cookies and web beacons by any tracking utility company or third party service provider is not covered by our privacy statement. We do not have access or control over these cookies.

Analytics Software

We and our third party tracking-utility partners use log files on our Digital Properties to gather certain information automatically and store it for analytical purposes. This information includes internet protocol ("IP") addresses, browser type, internet service provider (ISP), referring/exit pages, operating system, date/time stamp, and clickstream data.

We use this information to track and aggregate no-personal information to analyze trends, administer the site, track users' movements around our Digital Properties and to gather demographic information about our user base as a in the aggregate.

Advertising Networks

We partner with third party ad network(s) to either display advertising on our Digital Properties or to manage our advertising on other sites. Our ad network partners use cookies and web beacons to collect non-personally identifiable information about your activities on this and other web sites to provide you targeted advertising based upon your interests. If you wish to not have this information used for the purpose of serving you targeted ads, you may opt-out. Please note this does not opt you out of being served advertising. You will continue to receive generic ads.

Social Media Features and Widgets

Our Digital Properties include social media features, such as the Facebook Like button and widgets, such as the Share this button or interactive mini-programs that run on our site. These features may collect your IP address, which page you are visiting on our site, and may set a cookie to enable the feature to function properly. Social Media Features and Widgets are either hosted by a third party or hosted directly on our Digital Properties. Your interactions with these Features are governed by the privacy policy of the company providing it.

Facebook Connect

You can log in to our some of our services using sign-in services such as Facebook Connect or an Open ID provider. These services will authenticate your identity and provide you the option to share certain personal information with us such as your name and email address to pre-populate our sign up form. Services like Facebook Connect give you the option to post information about your activities on this Web site to your profile page to share with others within your network.
In addition, when using some of our mobile applications we may allow you a chance to tell friends about our services by accessing the contacts in your Facebook or other social media account.

Tell-A-Friend

We may provide you for the opportunity to use our referral service to tell a friend about one of our mobile applications via SMS or email, or to invite colleagues to collaborate. We will ask you for your colleagues'/friend's email address or telephone number. We will automatically send your friend a one-time email or SMS message inviting them to visit the mobile application. MINDBODY stores this information for the sole purpose of sending this one-time email or SMS and tracking the success of our referral program. Your friend may contact us at support@mindbodyonline.com to request that we remove this information from our database.
When using this feature we will access the contact list of your device for the sole purpose

of assisting you in finding individuals to whom you wish to send these communications. Please also note that when using the SMS feature charges from your carrier may apply.

Testimonials, Ratings and Reviews

We post customer testimonials on our Digital Properties which may contain Collected Information. We obtain the customer's consent via email prior to posting the testimonial and attaching the users name along with their testimonial. If you want your testimonial removed, please contact us at testimonial@mindbodyonline.com.
We also partner with a third party service provider to collect and display ratings and review content on our web site. If the content collected by the third party for display includes personally identifiable information, it will be rejected and will not be posted unless explicit consent is provided by the customer.

Links to Other Web Sites

Our Site includes links to other web sites whose privacy practices may differ from those of MINDBODY. If you submit personal information to any of those sites, your information is governed by the privacy policy/ statements governing that particular site. We encourage you to carefully read the privacy statement of any Web site you visit.

Public Forum

Our Web site offers publicly accessible message boards, blogs, and community forums. Please keep in mind that if you directly disclose Collected Information through MINDBODY public message boards, blogs, or forums, this information may be collected and used by others. To request removal of your personal information from our blog or community forum, contact us at support@mindbodyonline.com. In some cases, we may not be able to remove your personal information, in which case we will let you know if we are unable to do so and why.

Information Related to Data Collected for our Subscribers

The following terms shall have the definitions contained below.
Subscriber shall mean the business or entity that purchased a subscription the MINDBODY Software as a Service via entering into the MINDBODY Software Service Agreement (“SSA”).

Customer shall mean the businesses or individuals scheduling and purchasing products and services from SUBSCRIBER.

Service Provider Collection and Use

MINDBODY collects information under the direction of its Subscribers, and has no direct relationship with the individuals whose personal data it processes.

Choice

MINDBODY collects information for our Subscribers. If you are a Customer of one of our Subscribers and would no longer like to be contacted by one of our Subscribers that use our service, please contact the Subscriber that you interact with directly.

Service Provider, Sub-Processors/Ownward Transfer

MINDBODY may transfer Collected Information to third parties that help us provide our service. Transfers to these third parties are covered by the provisions in this Policy regarding notice and choice and the service agreements with our Subscribers.

Access to Data Controlled by our Subscribers

MINDBODY has no direct relationship with the Customers whose personal data it processes. A Customer who seeks access, or who seeks to correct, amend, or delete inaccurate data should direct his query to the Subscriber. If the Subscriber requests MINDBODY to remove the data, we will respond to their request within 30 business days.

Additional Information

Legal Disclosure

We reserve the right to disclose the Collected Information upon the following circumstances:

As required by law, such as to comply with a subpoena, or similar legal process.

when we believe in good faith that disclosure is necessary to protect our rights, protect your safety or the safety of others, investigate fraud, or respond to a government request.

To any other third party with your prior consent to do so.

If MINDBODY is involved in a merger, acquisition, or sale of all or a portion of its assets, you will be notified via email and/or a prominent notice on our Web site of any change in ownership or uses of your Collected Information, as well as any choices you may have regarding your personal information.

Data Retention

We will retain your Collected Information and the Collected Information we process on behalf of our Subscribers for as long as your account is active or as needed to provide you and our Subscribers services. We will retain and use this information as necessary to

comply with our legal obligations, resolve disputes, and enforce our agreements.

Security of your Information

The security of personal information is a high priority at MINDBODY. We maintain our Digital Properties and all associated data with technical, administrative and physical safeguards to protect against loss, unauthorized access, destruction, misuse, modification and improper disclosure. When you enter sensitive information (such as a credit card number) on our order forms, we encrypt the transmission of that information using secure socket layer technology (SSL). No computer system or information can ever be fully protected against every possible hazard. MINDBODY is committed to providing reasonable and appropriate security controls to protect our web sites and their information against foreseeable hazards. If you have any questions about security on our web site, you can contact us at privacy@mindbodyonline.com.

Changes to this Privacy Policy

MINDBODY reserves the right to change this Privacy Statement. MINDBODY will provide notification of the material changes to this Privacy Policy through notifications on the main page of this site or via email at least thirty (30) business days prior to the change taking effect.

As referenced in our Debit Card program's Terms and Conditions, if you are a MINDBODY Exchange user, you hereby request that we refrain from sending you annual privacy notices other than as outlined above.

You understand that the current privacy notice is available to you at any time by accessing it on the web site, www.mindbodyexchange.com or by calling your Plan Administrator at the number on the back of your Card.

Contact Us

If you have any questions regarding this Privacy Statement you can contact us via email at privacy@mindbodyonline.com or via postal mail at:

Vice President of IT Security
4051 Broad Street Suite 220
San Luis Obispo, Ca 93401
(805) 706-0476

Date last modified: February 26, 2014

Security Policy

This Security Policy is part of the General Terms of Service ("TOS"), a Legally Binding Agreement

PRELIMINARY MATTERS

Ensuring Customer Data is secure and readily available is a high priority at MINDBODY. We maintain our Digital Properties and all associated data with technical, administrative and physical safeguards to protect against loss, unauthorized access, destruction, misuse, modification and improper disclosure. When you enter sensitive information (such as a credit card number) in our Digital Properties, we encrypt the transmission of that information using industry-standard encryption methods. **No computer system or information can, however, ever be fully protected against every possible hazard.** MINDBODY is committed to providing reasonable and appropriate security controls to protect our Services, Associated Websites, and information against foreseeable hazards. If you have any questions about MINDBODY security, you can contact us at privacy@mindbodyonline.com.

BACKGROUND

1. This Security Policy should be read in conjunction with the **TOS (Attached)**, the **Privacy Policy** and all applicable **Addenda (Attached)** because these documents constitute the Contract entered into between YOU and US.
2. This Security Policy contains defined terms, which are defined in **Article 1 of the TOS** or elsewhere in the TOS. Please refer to these defined terms in reviewing this Security Policy.
3. By accessing, viewing or using all or any part of the OUR Digital Properties by, for example, downloading any materials, or by completing any registration process via the Associated Websites, YOU are accepting the terms and conditions of this Security Policy and the entire Contract.
4. If you are agreeing to this Security Policy and Contract on behalf of a corporation or other legal entity, you represent that you have the authority to bind such entity and its affiliates to the Contract. If you do not have such authority you must not enter into this Contract and may not use any of OUR Services or content.
5. MINDBODY supports customers who are subject to the requirements of the Health

Insurance Portability and Accountability Act (HIPAA). Under HIPAA, certain information about a person's health or health care services is classified as Protected Health Information (PHI). YOU must enter into a **Business Associate Contract** with MINDBODY if YOU are subject to HIPAA and wish to use OUR Services with PHI. YOU are solely responsible for determining whether YOU are subject to HIPAA requirements. If YOU have not entered into a HIPPA AGREEMENT NAME, YOU must not use any of OUR Digital Properties in connection with PHI.

6. **If YOU do not agree with this Security Policy or any portion of the Contract, YOU have not accepted the Contract and YOU may not use any of OUR Digital Properties or content.**

AGREEMENT

Having considered the above Preliminary Matters and mutual agreements below, the PARTIES hereby agree as follows:

1. Cardholder Data Recommended Practices

1.1 Cardholder Data Recommended Practices. At a minimum, SUBSCRIBER should implement the practices set forth below:

a. **SUBSCRIBER should do the following**:
   1. Maintain updated anti-virus software on all workstations engaged in credit card processing and remove any programs that the anti-virus software flags as potentially malicious.
   2. Restrict permission to install software on those computers to SUBSCRIBER's business owner and/or trusted senior staff.
   3. Maintain up-to-date versions of operating systems (e.g., Microsoft Windows or Macintosh OS) and web browsers (e.g., Internet Explorer, Safari or Firefox), with all security updates and patches installed.
   4. Ensure that every individual that logs into the Services has a unique username and password that is known only by that individual.
   5. Only store credit card account numbers in encrypted credit card fields designed for that purpose.
   6. Destroy any hard copy documents that have Cardholder Data written on them.

b. **SUBSCRIBER should not do the following**:

1. Share the SUBSCRIBER's account or password;
2. Record Cardholder Data in notes, contact logs, or other unencrypted text fields within the Digital Properties;
3. Record Cardholder Data in any locally installed software program, unless that program and SUBSCRIBER's computer network meet all PCI requirements; or
4. Email End User's credit card numbers, ask End Users to email credit card numbers to SUBSCRIBER, or record credit card track data.

2. Data Security

2.1 Location and Backup. All Subscriber Data is located on secure servers, or backup directories that require access authentication.

2.2 Firewalls. All secure servers are protected by multiple, redundant firewalls and intrusion detection and prevention systems that are regularly monitored and tested (details of firewall configuration are not shared publicly for maximum security).

2.3 SSL Encryption. 256-bit Secure Sockets Layer (SSL) data encryption is employed to protect all data access across the Internet.

2.4 Qualified Security Assessor (QSA) Approved Scanning Vendor (ASV), delivers accurate vulnerability scanning and actionable reporting, that enables the MINDBODY Network Operations Center to quickly rank risks and gauge compliance against PCI-DSS Standards. Daily Vulnerability Assessments monitor the MINDBODY network perimeter against daily threats to help protect MINDBODY and OUR customers from hackers, data breaches, adware, spyware, pop-ups, browser exploits, and phishing attempts.

2.5 PCI-DSS. MINDBODY complies with the PCI DSS tier 1 standard, and MINDBODY has continued to maintain Level 1 service provider designation since 2007. WE are dedicated to the six (6) PCI DSS best security practices for credit card protection, which include, but are not limited to:

a. Maintaining a secure network;
b. Protecting the Cardholder Data;
c. Maintaining a Vulnerability Management Program;

d. Implementing strong access control measures;

e. Monitoring and testing production and development networks; and

f. Maintaining an Information Security Program and policies.

2.6 WE Recommend YOU adopt PCI DSS. Any merchant who accepts Visa, MasterCard, American Express, or Discover credit cards for payment is subject to the Payment Card Industry Data Security Standard (PCI DSS), which outlines credit card processing merchants' responsibilities for the protection of Cardholder Data. WE strongly recommend YOU follow the requirements of the PCI DSS when handling Cardholder Data. Please refer to the PCI DSS website for a complete list of all rules and restrictions that may apply: https://www.pcisecuritystandards.org/.

2.7 Responsibility for Cardholder Data. If SUBSCRIBER uses the optional Integrated Merchant Account service to process payments, MINDBODY is responsible for protecting Cardholder Data only after such Cardholder Data is encrypted and received by MINDBODY's server(s). SUBSCRIBER remains responsible for the proper handling and protection of Cardholder Data until such Cardholder Data is encrypted and received by MINDBODY's server(s).

3. Data Center SSAE 16 Type II and Type III Compliance

3.1 SSAE 16 Type II and Type III Compliance. MINDBODY hosts Subscriber Data at multiple secure and redundant data centers in geographically diverse locations. Each data center is secured and monitored 24x7x365 by a staff of highly trained data center facility experts. The primary data center features:

a. A Zone 4 earthquake-rated reinforced structure;

b. Multiple redundant, enterprise switching hardware at every stage;

c. A monitoring system providing real-time data on equipment operation, enabling instant identification of problems;

d. Multiple paralleled N+1 UPS modules configured in redundant systems allow for A/B power configuration;

e. 20 megawatts of expandable N+1 power backup utilizing generators;

f. A Very Early Smoke Detection Alarm (VESDA) early smoke

detection with pre-action dry pipe fire suppression systems;

g. Multiple fiber route entrances to structures;

h. Access control systems leveraging a biometric scan and personal identification number (PIN), with separate locks for all MINDBODY server cabinets; and

i. The backup data center features the same facility specifications as the primary data center. The backup data center receives a backup of subscriber data at least once per 24 hour period.

4. Physical and Personnel Security

4.2 Physical Security Measures. Physical access to the primary data center and the backup data center is restricted by 24x7x365 on-site security and Network Operations Center staff. The facility is controlled by alarm systems with cameras on perimeter points of the building along with video and camera surveillance within the facility. Multi-level access authorization with man trap, biometric verification and security controlled access level assignments are used to verify a limited number of MINDBODY authorized personnel who have been granted access.

4.3 Personnel Security Measures.

a. **Background Checks and NDA Agreements**. OUR technical or management personnel with access to Subscriber Data are subjected to background checks prior to hiring, and must sign non-disclosure and data security agreements that protect both MINDBODY and Subscriber Data.

b. **Transfer Restrictions**. OUR personnel are not permitted to transfer Subscriber Data onto any hard drive, flash drive, mobile device, or other storage device, except those contained within either the primary data center or backup data center. Subscriber Data is not transferred to MINDBODY corporate workstations.

5. Changes to this Security Policy

MINDBODY reserves the right to change this Security Policy. MINDBODY will provide notification of the material changes to this Security Policy through a notification on the Associated Websites or via email at least thirty (30) business

days prior to the change taking effect.

6. Contact Us

If YOU have any questions regarding this Security Policy YOU can contact US by email at privacy@mindbodyonline.com or by postal mail at:
Vice President, I.T. Security
4051 Broad Street Suite 220
San Luis Obispo, Ca 93401
(805) 706-0476

ADDENDUM "A"

TO

GENERAL TERMS OF SERVICE

GRANT OF THIRD PARTY ACCESS TO SUBSCRIBER DATA

PRELIMINARY MATTERS

This ADDENDUM A amends and supplements the General Terms of Service ("TOS"). It is made as of the ____ day of _____ 2014 by and between MINDBODY, INC. ("MINDBODY," "WE", "OUR" or "US"), a California corporation, and _____ (a business or individual), ("SUBSCRIBER," "YOU" or "YOUR").

BACKGROUND

A. YOU have accepted the TOS and have agreed that the Purchased Services are licensed on a per subscriber basis. YOUR rights to access and/or utilize the Purchased Services may not be shared between YOU and any third party or used by any third party, except as otherwise authorized in accordance with the terms and conditions contained in this Addendum A.

B. YOU now desire to grant access to YOUR Subscriber Data to the third party ("Subscriber's Agent") named in the form (the "Access Enrollment Form") contained in Section 7 below. YOU also desire that MINDBODY grant Subscriber's Agent a limited license to use the Digital Properties, as more fully provided in Section 7 below.

C. YOU have selected Subscriber's Agent at YOUR sole discretion. MINDBODY shall have no responsibility for vetting or approving YOUR selection of Subscriber's Agent. Subscriber's Agent's access to and/or use of Subscriber Data or the Digital Properties shall, at all times, be in accordance with the terms and conditions of this Addendum A and elsewhere in the Contract.

D. MINDBODY and SUBSCRIBER are executing this Addendum A in order to memorialize the identification of Subscriber's Agent and such other matters as may be set forth below.

AGREEMENT

Now, therefore, in consideration of the foregoing Preliminary Matters and the mutual covenants set forth below, the PARTIES hereby agree as follows:

1. <u>Subscriber's Agent</u>

1.1. **Selection Criteria** By signing below SUBSCRIBER confirms that it alone has selected the person or entity listed in the Access Enrollment Form as Subscriber's Agent, subject to all the terms and conditions of the Contract. MINDBODY reserves, however, the right to deny Subscriber's Agent access to the Digital Properties and Subscriber Data if MINDBODY reasonably believes that Subscriber's Agent is engaged in illicit or illegal activities.

1.2. Limited Rights Granted It is understood that this Addendum A shall not grant Subscriber's Agent

any right, title, or interest in and to the Subscriber Data, the Compiled Data, the Digital Properties or any components thereof. By signing below and completing the Access Enrollment Form YOU will be deemed to have granted Subscriber's Agent a limited right of use (the "Limited Access Licenses") of the Subscriber Data and Digital Properties, as more fully provided in Section 7.1 below.

2. **SUBSCRIBER's Consent** By completing and submitting the Access Enrollment Form YOU hereby consent to MINDBODY's granting Subscriber's Agent access to Subscriber Data and Purchased Services through OUR Digital Properties. Notwithstanding the foregoing, Subscriber's Agent shall not be entitled access to Cardholder Data.

3. **Conditions to Subscriber's Agent's Usage** YOU also agree that Subscriber's Agent's use of the Digital Properties and Subscriber Data is governed by a separate agreement between YOU and Subscriber's Agent, and that WE will not be held liable for Subscriber's Agent's use of the Digital Properties or Subscriber Data. YOU shall ensure that Subscriber's Agent complies at all times with the terms and conditions of the Contract and maintains the confidentiality of the Confidential Information, as required in Article 7 of the TOS.

4. **Indemnity** YOU shall indemnify, defend, and hold MINDBODY, its subsidiaries, and its Representatives harmless from and against any and all claims, damages and expenses (including, without limitation, reasonable attorney's fees) resulting directly or indirectly from Subscriber's Agent's access to or use of Subscriber Data or OUR Digital Properties. This indemnification obligation shall survive any termination of the Contract.

5. **Terminating Subscriber's Agent's Access** **Subscriber's Agent's access to Subscriber Data shall terminate within ten (10) days of MINDBODY's receipt of YOUR written request to terminate Subscriber's Agent's access.**

6. **Execution of Addendum A** This Addendum A may not be executed or confirmed electronically. It will be necessary for you to complete and submit this Addendum A, including the Access Enrollment Form, by printing it out, signing it, and submitting the completed Addendum A to MINDBODY by either (i) faxing it to (866) 759-7958, or (ii) scanning and emailing it to FinAct@mindbodyonline.com. Upon receipt of a properly executed Addendum A, WE will send YOU confirmation of OUR receipt.

7. **Access Enrollment Form** In order to grant Subscriber's Agent the Limited Access License, it will be necessary for YOU to complete Section 7.2 below.

7.1. Limited Access Licenses

(a) Grant by SUBSCRIBER By providing the information requested in Section 7.2 below, SUBSCRIBER hereby grants Subscriber's Agent, as identified below, a limited, revocable, nonexclusive, nonassignable, nonsublicensable license and right to access, use, and display the Subscriber Data.

(b) Grant by MINDBODY Provided that SUBSCRIBER properly executes and delivers this Access Enrollment Form and Subscriber and Subscriber's Agent comply with all of the terms and conditions of the Contract, MINDBODY hereby grants Subscriber's Agent, identified below, a limited, revocable, nonexclusive, nonassignable, nonsublicenseable license and right to access, use, display, and run the Associated Websites and Purchased Services (excluding the Connect Service, MBX, and Premium Services) through a generally available web browser, mobile device or MINDBODY authorized application (but not through scraping, spidering, crawling or other technology or software used to access data without the express written consent of MINDBODY) in accordance with the terms and conditions found of this Contract.

7.2. Subscriber's Agent's Information

(a) Subscriber's Agent's Legal Name _____

(b) Subscriber's Agent's DBA Name (if applicable) _____

(c) Subscriber's Agent's Contact Name _____

(d) Subscriber's Agent's Phone Number _____

7.3. Authorization by SUBSCRIBER

Person Authorizing License on behalf of SUBSCRIBER:

Printed Name _____

Title _____

Signature_____

Date of Execution _____

SIGNATURE BLOCK

IN WITNESS WHEREOF, the parties have entered into this Addendum A to the General Terms of Service as of the date first written above.

"MINDBODY" **MINDBODY, INC.,** a California corporation

By:_____

Printed Name:_____

Title:_____

"SUBSCRIBER" _____ (printed name of SUBSCRIBER)

By:_____

Printed Name:_____

Title:_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D
CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEES

WE ROCK THE SPECTRUM, LLC
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this "Agreement") is made this ___ day of _____, 20__ (the "Effective Date"), by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and _____, a _____ ("Candidate"), on the other hand, with reference to the following facts:

A. We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "Operating Company"), an affiliate of Franchisor, as the result of the expenditure of time, skill, effort and money, has developed a children's gym that provides a safe, nurturing and fun environment for all children, to foster learning, exploration and safe sensory experiences ("WRTS Kid's Gym").

B. WRTS Kid's Gyms are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "We Rock The Spectrum Kid's Gym For All Kids" and such other trade names, service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing (collectively, the "WRTS Marks") for use in connection with the operation of WRTS Kid's Gyms.

C. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor play structure, motor play toys and equipment, arts and crafts area, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "WRTS Proprietary Programs"), distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and advertising, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "WRTS System"). Franchisor has obtained the right to use, and to license others to use, the WRTS Marks and the WRTS System, and has, as a result of its expenditure of time, skill, effort, and money, developed a distinctive franchise model for qualified franchisees to obtain the right to operate a WRTS Kid's Gym using the WRTS Marks and the WRTS System.

D. Candidate desires to apply to become a WRTS Kid's Gym franchisee. In connection therewith, Franchisor may provide Candidate with confidential and proprietary information regarding the WRTS Proprietary Programs and the WRTS System prior to granting or declining to grant Candidate a franchise or entering into a franchise agreement with Candidate. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. INCORPORATION OF RECITALS.

The recitals set forth in Paragraphs A through D above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. CONFIDENTIALITY.

Candidate acknowledges and agrees:

2.1. WRTS Confidential Information. That Candidate's knowledge of the elements of the WRTS Proprietary Programs and the WRTS System and any other proprietary data that may be disclosed to Candidate by Franchisor, or any affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of a party and any and all confidential and/or proprietary knowledge, data or information which a party has obtained or obtains from another person or entity and which a party treats as proprietary or designates (whether or not in writing or electronic form) as "WRTS Confidential Information". By way of illustration, but not limitation, "WRTS Confidential Information" includes tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the WRTS Proprietary Programs and WRTS System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Candidate. WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Candidate after receiving it; has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate; or is shown by acceptable evidence to have been independently developed by Candidate.

2.2. Value. That the WRTS Confidential Information has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public and is of substantial value.

2.3. Proprietary. That the WRTS Confidential Information is proprietary, confidential and constitutes a trade secret of Franchisor and its affiliates.

2.4. Maintain Confidentiality. That Candidate will fully and strictly maintain the confidentiality of the WRTS Confidential Information, will exercise the highest degree of diligence in safeguarding the WRTS Confidential Information and will not disclose or reveal the WRTS Confidential Information to any person other than another person who is actively and directly participating in the acquisition of the franchise with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement similar to this Agreement, unless covered by attorney-client privilege.

2.5. Reproduction and Use. That Candidate will not directly or indirectly reproduce or copy any WRTS Confidential Information or any part thereof and will make no use of any WRTS Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

3. GENERAL.

3.1. Injunction. Candidate recognizes the unique value and secondary meaning attached to the WRTS Confidential Information and the elements of the WRTS Proprietary Programs and the WRTS System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the WRTS Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the WRTS Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. Entire Agreement. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.4. No Warranties. Candidate acknowledges and agrees that Franchisor has made no promises, representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document concerning the profitability or likelihood of success of the WRTS Kid's Gym, that Candidate has been informed by Franchisor that there can be no guaranty of success in the WRTS Kid's Gym and that Candidate's business ability and aptitude are primary in determining his success.

3.5. No Right to Use the WRTS Proprietary Programs, WRTS System or the WRTS Marks. This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the WRTS Confidential Information, the WRTS Proprietary Programs, the WRTS System and/or the WRTS Marks, which right is expressly reserved by Franchisor.

3.6. Waiver. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. Validity. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. Headings and Gender. The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

3.10. Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Fax: (818) 650-2261
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan,
A Law Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Candidate:

_____
_____
_____
Fax: _____
Attention: _____
Email: _____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.12. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state.

3.13. Venue. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.14. Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above.

FRANCHISOR:	CANDIDATE:
WE ROCK THE SPECTRUM, LLC, A California limited liability company	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

WE ROCK THE SPECTRUM, LLC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E
STATE SPECIFIC ADDENDA

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www. dfpi.ca.gov.

1. The following language is added to the end of Item 3 of the disclosure document:

   Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. Item 5 of the Franchise Disclosure Document is amended as follows:

   "Despite the payment provisions in this Item 5, all initial fees and payments due to us will be deferred until the first business day following the date that we have completed all of our material initial obligations to you under the Franchise Agreement and you begin to conduct business at the Franchised Location, at which time all initial fees and payments will become immediately due and payable."

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

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

   California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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 provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides that the parties must first attempt to resolve all disputes by mediation in Los Angeles County, California. The fees and expenses of the mediator will be shared equally by Franchisor and Franchisee.

The Franchise Agreement requires mediation. The mediation will occur in Los Angeles County, California, with the costs being borne equally by Franchisor and Franchisee.

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Franchise Agreement") dated _____, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company as franchisor ("Franchisor"), and _____, as franchisee ("Franchisee"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

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

   b. For the purposes of Section 20022, Franchisee is not able to provide Franchisor with "clear title and possession" to Franchisee's Assets if those Assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by Franchisee's landlord; or (v) tax liens.

   c. For the purposes of Section 20022(h), Franchisor's right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor's Affiliates: (i) Royalty Fees; (ii) Marketing Fund Fees; (iii) Transfer Fees; and (iv) any other type of fee owed by Franchisee to Franchisor or Franchisor's Affiliates.

2. For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

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

   b. "Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor's termination or failure to renew if Franchisor is in violation of the California Franchise Relations Act.

3. The following language is added at the end of Section 4.1 of the Franchise Agreement:

   "All initial fees and payments to be paid to Franchisor shall be deferred until the first business day following the date that Franchisor has completed all of Franchisor's material initial obligations to Franchisee under the Franchise Agreement, and Franchisee commences doing business at the Franchised Location, at which time all initial fees and payments shall become immediately due and payable."

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

INDIANA
ADDENDUM TO DISCLOSURE DOCUMENT

1. The risk factors listed on the cover page of the Uniform Franchise Disclosure Document are void under Indiana law.

2. It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

a. Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This paragraph does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

b. Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee in the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee in a reasonable area.

c. Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

d. Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

e. Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.

f. Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

g. Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the franchise agreement.

h. Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

i. Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

j. Limiting litigation brought for breach of the agreement in any manner whatsoever. A choice of forum or law other than that of Indiana is prohibited.

k. Requiring the franchisee to participate in any:

(i) Advertising campaign or contest;

(ii) Promotional campaigns;

(iii) Promotional materials; or

(iv) Display decorations or materials;

at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

l. Requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence.

m. Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.

3. It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:

a. Coercing the franchisee to:

(i) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.

(ii) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor.

(iii) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement, in the absence of such provision for required advertising expenditures in the franchise agreement, no such participation may be required; or

(iv) Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to renew any agreement between the franchisee and the franchisor. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.

b. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any good, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor.

c. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.

d. Establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.

e. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

f. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

g. Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers prior to the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph.

h. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business.

4. The franchisee does not waive any right under Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.

5. Each provision of the franchise documents which is unlawful pursuant to Indiana's franchise laws is amended to conform with said law.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Indiana law are met independently without reference to this Addendum to Franchise Disclosure Document.

MICHIGAN
ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

1. 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 related to a franchise:

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 Investment 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 this 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 and a reasonable opportunity, which will not 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 applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of 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. The 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 bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

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 a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be direct to:

Michigan Department of Attorney General
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, MI 48933
(517) 335-7567

MINNESOTA
ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 "Trademarks" is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 "Renewal, Termination, Transfer and Dispute Resolution" is amended by adding the following:

A. Renewal and Termination

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

B. Choice of Forum

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. Releases

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

1. Section 2.1 "Initial Term", shall be supplemented by the following new paragraph:

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2. Section 2.2 "Option to Extend", shall be supplemented by the following new paragraph:

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2. Section 8 "WRTS Marks" shall be supplemented by the following new paragraph:

   As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Section 14 "Default and Termination" shall be supplemented by the following new paragraph:

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Agreement.

4. Section 13.4 "Conditions of Assignment to Third Party" shall be supplemented by the following new sentence:

   "A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22."

5. Section 23.2 "Judicial Relief" (regarding choice of forum), shall be supplemented by the following:

"Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

"Minn. Stat. Sec. 80C.21 and Minnesota Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

NORTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

Item 5 of the Franchise Disclosure Document is amended as follows:

"Despite the payment provisions in this Item 5, all initial fees and payments due to us will be deferred until the first business day following the date that we have completed all of our material initial obligations to you under the Franchise Agreement and you begin to conduct business at the Franchised Location, at which time all initial fees and payments will become immediately due and payable."

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

1. Item 17 (c) "Requirements for Franchisee to Renew or Extend" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which requires the franchisee to sign a general release upon renewal of the Franchise Agreement is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

2. Item 17 (r) "Non-competition Covenants" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement restricting competition is contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law".

3. Item 17 (u) "Dispute Resolution" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which provides that the parties agree to an arbitration or mediation of disputes which place at a location that is remote from the site of Franchisee's business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

4. Item 17 (v) "Venue" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota."

5. Item 17 (w) "Governing Law" is amended as follows: "Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

NORTH DAKOTA
ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is amended as follows:

1. Any provision in the Franchise Agreement requiring the Franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

2. In North Dakota, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the North Dakota Franchise Investment Law, such as the right to jury trial, may not be enforceable.

3. Provisions of the Franchise Agreement requiring the Franchisee to consent to liquidated damages or termination penalties, requiring the Franchisee to consent to a limitation of claims or requiring the Franchisee to pay all of Franchisor's costs and expenses incurred in enforcing the agreement may not be enforceable under North Dakota law.

4. Provisions of the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions of the Franchise Agreement which provide that the parties agree to arbitration or mediation of disputes at a location that is remote from the site of Franchisee's business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions of the Franchise Agreement which designate jurisdiction or venue or require the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota are void with respect to any cause of action which is otherwise enforceable in North Dakota.

7. Provisions of the Franchise Agreement requiring a franchisee to sign a general release upon the renewal of the Franchise Agreement are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

8. Provisions of the Franchise Agreement restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law.

9. The following language is added at the end of Section 4.1 of the Franchise Agreement:

> "All initial fees and payments to be paid to Franchisor shall be deferred until the first business day following the date that Franchisor has completed all of Franchisor's material initial obligations to Franchisee under the Franchise Agreement, and Franchisee commences doing business at the Franchised Location, at which time all initial fees and payments shall become immediately due and payable."

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

RHODE ISLAND

ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The following language is added to Item 17(v) entitled "Choice of Forum":

   "A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

2. The following language is added to Item 17(w) entitled "Choice of Law":

   "A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Franchise Agreement") dated _____, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company, as franchisor ("Franchisor") and _____, as franchisee ("Franchisee"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the Franchise Agreement agree as follows:

1. Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

RHODE ISLAND

ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "Area Development Agreement") dated _____, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company, as franchisor ("Franchisor") and _____, as area developer ("Area Developer"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum.

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the Area Development Agreement agree as follows:

1. Any provision of the Area Development Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. In the event of any conflict between the terms of this Addendum and the terms of the Area Development Agreement, the terms of this Addendum shall prevail.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

SOUTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

The Franchise Agreement includes a covenant not to compete after termination of the Franchise Agreement. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make management service fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

VIRGINIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. All references in Items 5 and 17 of the Disclosure Document which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or other agreements does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

3. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

VIRGINIA

ADDENDUM TO FRANCHISE AGREEMENT

The undersigned hereby acknowledge and agree that:

1. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

3. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

WASHINGTON
ADDENDUM TO DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

The State of Washington has a statute, the Act, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by you shall not include rights under the 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The following is added at the end of Item 5:

"The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business."

The following paragraph is added at the end of Item 17:

If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Act, the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.

The following is added to the end of Exhibit G ("General Release"):

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, COMPLIANCE CERTIFICATE, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement agree as follows:

The State of Washington has a statute, the Act, which might supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede the Agreement in Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Franchisee shall not include rights under the 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 4.1 of the Franchise Agreement is amended as follows:

"The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT, COMPLIANCE CERTIFICATE, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Area Development Agreement agree as follows:

The State of Washington has a statute, the Act, which might supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede the Agreement in Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Franchisee shall not include rights under the 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Article 4 of the Development Agreement is amended as follows:

"The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
FRANCHISE COMPLIANCE CERTIFICATE

WE ROCK THE SPECTRUM, LLC
COMPLIANCE CERTIFICATE

As you know, WE ROCK THE SPECTRUM, LLC ("Franchisor") and you ("you" or "Franchise Applicant") are preparing to enter into a Franchise Agreement for the establishment and operation of a "We Rock The Spectrum Kid's Gym" franchised business. The purpose of this Certificate is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

If you are intending to purchase an existing We Rock The Spectrum Kid's Gym franchised business from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement along with a purchase or transfer of an existing We Rock The Spectrum Kid's Gym franchised business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____ [date].

3. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____No _____

4. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____No _____

If No, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____

5. Have you received and personally reviewed Franchisor's Franchise Disclosure Document ("FDD")?

Yes _____No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a _____ franchised business with an attorney, accountant, or other professional advisor?

Yes _____No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your We Rock The Spectrum Kid's Gym franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____No _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a We Rock The Spectrum Kid's Gym franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a We Rock The Spectrum Kid's Gym franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue the We Rock The Spectrum Kid's Gym franchised business will or may generate that is contrary to the information contained in the FDD?

Yes _____No _____

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you will or may incur in operating the We Rock The Spectrum Kid's Gym franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a We Rock The Spectrum Kid's Gym franchised business?

Yes _____No _____

15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support, service, or assistance that we will furnish to you that is contrary to the information contained in the FDD?

Yes _____No _____

16. Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes _____No _____

17. Have you paid any money to us concerning the purchase of this franchise prior to today?

Yes _____No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who?

_____
_____
_____

19. Do you understand that the Franchisor may modify the franchise program throughout the term of your agreements?

Yes _____No _____

20. If you have answered "Yes" to any one of questions 10-17, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

_____
_____
_____

I (We) signed the Franchise Agreement and Addenda (if any) on _____ [DATE], and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.
Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Certificate, you are representing that you have responded truthfully to the above questions. In addition, by signing this Certificate, you also acknowledge that:

A. You recognize and understand that business risks, which exist along with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including any broker) as to the likelihood of success of the franchise. Except as contained in the FDD, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including any broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

_____
_____
_____

C. You also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other antiterrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You also covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you will, during the term of the Franchise Agreement, will become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Franchise Applicant understands that Franchisor is acting in reliance on the truthfulness and completeness of Franchise Applicant's responses to the questions above in entering into the Franchise Agreement with Franchise Applicant. FRANCHISE APPLICANT ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS CERTIFICATE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY

LEGAL ACTION, AND FRANCHISE APPLICANT HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS CERTIFICATE.

FRANCHISEE:

By: _____
Name: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Date: _____

(IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Print Name of Entity]

By: _____
Name: _____
Title: _____
Date: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
GENERAL RELEASE AGREEMENT

WE ROCK THE SPECTRUM, LLC
GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "Release Agreement") is made and entered into as of _____ (the "Effective Date"), by and among WE ROCK THE SPECTRUM, LLC, a California limited liability company ("Franchisor"), on the one hand, and _____ a _____ ("Franchisee"), and _____ ("Owner"), on the other hand, who are collectively referred to in this Release Agreement as the "Releasing Parties", with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement and related ancillary agreements dated _____ (collectively, the "Franchise Agreement") pursuant to which Franchisor granted Franchisee a license (the "License") to use the service mark and trade name "We Rock The Spectrum Kid's Gym For All Kids" and other related trademarks, service marks, logos and commercial symbols (the "WRTS Marks") and the "WRTS System" (the "System") in connection with the operation of a WRTS Kid's Gym (the "WRTS Kid's Gym") located at _____ (the "Franchised Location").

B. Franchisee desires to enter into a _____.

C. This Release Agreement has been requested at a juncture in the relationship of the parties where Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasing Parties, therefore, give this Release Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the parties. Releasing Parties acknowledge that this Release Agreement is intended to wipe the slate clean.

NOW, THEREFORE, IT IS AGREED:

1. DEFINITIONS. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "Claims" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, whatsoever, whether known or unknown, matured or unmatured, accrued or unaccrued, suspected or unsuspected, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, and whether or not asserted, threatened, alleged, or litigated, at law, equity, or otherwise.

1.2 "Constituents" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3 "Excluded Matters" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Agreement on and after the date of this Release Agreement.

1.4 "Franchisor Released Parties" means Franchisor; We Rock The Spectrum Kid's Gym, LLC, a California limited liability company; WRTS, LLC, a California limited liability company; My Three J's, LLC, a Florida limited liability company; My Brother Rocks the Spectrum Foundation, a California non-profit corporation; and each of their Constituents.

1.5 "Losses" means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

2. GENERAL RELEASE AGREEMENT. Releasing Parties, for themselves and their Constituents, hereby release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, including, without limitation any and all Claims which relate to the Franchise Agreement, the WRTS Kid's Gym, the System, the License, the WRTS Marks, and the Franchised Location, or to any other agreement entered into prior to the Effective Date between Franchisor Released Parties, on the one hand, and Releasing Parties, on the other hand, except for the Excluded Matters and obligations under this Release Agreement. This waiver, release and discharge is effective immediately in its fullest and most comprehensive sense.

3. WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

3.1 Section 1542 of the California Civil Code. Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.2 Waiver. With respect to those Claims being released pursuant to Section 2, Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of the Franchisor Released Parties, and each of them.

4. UNKNOWN CLAIMS. Releasing Parties acknowledge and agree that among the wide and comprehensive range of Claims being waived, released, and discharged by this Release Agreement, they are waiving, releasing, and discharging unknown and unsuspected Claims which, if known or suspected by Releasing Parties to exist in their favor at the time of executing this Release Agreement, may have materially affected Releasing Parties' decision to enter into this Release Agreement. It is understood by Releasing Parties that, after the Effective Date, the facts under which this Release Agreement is entered into may turn out to be other than or different from the facts Releasing Parties knew or believed to be true on the Effective Date. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects final and effective and not subject to termination or rescission by any such difference in facts.

5. REPRESENTATIONS AND WARRANTIES. Releasing Parties hereby represent and warrant that, in entering into this Release Agreement, Releasing Parties: (i) are doing so freely and voluntarily, either upon the advice of counsel and business advisors of Releasing Parties' own choosing, or without such advice because Releasing Parties, free from coercion, duress or fraud, declined to obtain such advice; (ii) have read and fully understand the terms and scope of this Release Agreement; (iii) understand that this Release Agreement is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of their interest, or any contingent interest, in any of the Claims released by this Release Agreement now or in the future, and are aware of no third party who contends or claims otherwise, and shall not purport to assign, transfer, or convey any interest in any such Claim after the Effective Date.

6. COVENANTS NOT TO SUE. Releasing Parties hereby irrevocably covenant that they will not, directly or indirectly: (i) commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement; or (ii) assist or encourage any person or entity to investigate, inquire into, commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement.

7. INDEMNITY. Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with: (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Release Agreement; (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Release Agreement; (iii) any breach of representations, warranties or covenants hereunder by Releasing Parties or its Constituents; or (iv) the Franchise Agreement, the WRTS Kid's Gym, the Franchised Location, and/or any and all claims of creditors, customers, vendors, suppliers or invitees of the WRTS Kid's Gym, or other third parties, for obligations incurred and/or acts or omissions to act by Franchisee, both prior to and following the Effective Date.

8. GENERAL PROVISIONS.

8.1 Amendment. This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties.

8.2 Entire Agreement. This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement and supersedes any prior negotiations and agreements, oral or written, with respect to the subject matter of this Release Agreement. The Recitals set forth in Paragraphs A through C of this Release Agreement are true and correct and are incorporated into this Release Agreement as part of this Release Agreement.

8.3 Counterparts and Electronic Transmission; Electronic Signatures. This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Release Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Release Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement. In addition, this Release Agreement may be signed electronically by the parties and electronic signatures appearing on this Release Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Release Agreement.

8.4 Heirs, Successors and Assigns. This Release Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns. In addition, each of Franchisor Released Parties that is not a party shall be a third party beneficiary of this Release Agreement, with the right to enforce this Release Agreement for his, her, or its benefit, whether acting alone or in combination with any other Franchisor Released Party.

8.5 Interpretation. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties, and shall have no applicability in construing this Release Agreement or any of its terms. The headings used in this Release Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Release Agreement. As used in this Release Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

8.6 Severability and Validity. Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this Release Agreement or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

8.7 Governing Law and Venue. This Release Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Release Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 8.7 is intended by the parties to subject this Release Agreement to any franchise or similar law, rule, or regulation of the state of California to which it would not otherwise be subject. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought the in Superior Court of California, County of Los Angeles, or the United States District Court for the Central District of California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

8.8 Authority of Franchisor. Franchisor represents and warrants that (i) Franchisor has the power and authority to enter into this Release Agreement and to perform its obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individual who executes this Release Agreement on Franchisor's behalf is duly authorized to do so without the approval or consent of any other person or entity.

8.9 Authority of Releasing Parties. Releasing Parties represent and warrant that (i) they have the power and authority to enter into this Release Agreement and to perform their obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individuals who execute this Release Agreement on Releasing Parties' behalves are duly authorized to do so without the approval or consent of any other person or entity.

8.10 No Waiver. No delay, waiver, omission, or forbearance on the part of any party to exercise any right, option, duty, or power arising out of any breach or default by any other party of any of the terms, provisions, or covenants of this Release Agreement, and no custom or practice by the parties at variance with the terms of this Release Agreement, shall constitute a waiver by any party to enforce any such right, option, or power as against the other parties, or as to a subsequent breach or default by the other parties.

8.11 Attorneys' Fees. If any legal action is brought to enforce the terms of this Release Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

8.12 Further Acts. The parties agree to execute, acknowledge and deliver to any requesting party, and to procure the execution, acknowledgment and delivery to any requesting party, of any additional documents or instruments which the requesting party may reasonably require to fully effectuate and carry out the provisions of this Release Agreement.

IN WITNESS WHEREOF, the parties to this Release Agreement have executed this Release Agreement as of the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OWNER:

_____
_____, an individual

_____
_____, an individual

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H
FINANCIAL STATEMENTS

We Rock the Spectrum, LLC
Financial Statements
For the Years Ended
December 31, 2021, 2020 and 2019
and
Independent Auditor's Report

LRM & CO Lawrence R. Mitchell & Company
Certified Public Accountants
A Professional Corporation

We Rock the Spectrum, LLC
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For the Years Ended December 31, 2021, 2020 and 2019

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LRM & CO LAWRENCE R. MITCHELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

Member:
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

880 Apollo Street, Suite 140, El Segundo , CA. 90245
Tel: 310.563.1010 • Fax: 310.563.1011

Independent Auditor's Report

Board of Directors
We Rock the Spectrum, LLC

We have audited the accompanying financial statements of We Rock the Spectrum, LLC (a California limited liability company), which comprise the balance sheets as of December 31, 2021, 2020 and 2019, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of We Rock the Spectrum, LLC as of December 31, 2021, 2020 and 2019, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of We Rock the Spectrum, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion .

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about We Rock the Spectrum, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 We Rock the Spectrum, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about We Rock the Spectrum, LLC's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lawrence R. Mitchell & Company
Certified Public Accountants
A Professional Corporation
El Segundo, California

April 13, 2022

We Rock the Spectrum, LLC
Balance Sheets
December 31, 2021, 2020 and 2019

Assets

Current assets:	2021	2020	2019
Cash	$ 113,274	$ 100,574	$ 92,406
Receivables, net	32,653	89,395	48,565
Total current assets	145,927	189,969	140,971
Property and equipment:			
Property and equipment, net	32,021	52,430	71,383
Other assets:			
Due from affiliates	1,316,760	914,794	552,487
Security deposits	1,600	1,600	1,600
Total other assets	1,318,360	916,394	554,087
Total assets	$ 1,496,308	$ 1,158,793	$ 766,441

Liabilities and Members' Equity (Deficit)

Current liabilities:			
Accounts payable	$ 274,154	$ 307,575	$ 281,060
Accrued and other current liabilities	56,202	73,108	19,541
Income tax payable	800	800	-
Total current liabilities	331,156	381,483	300,601
Long-term liabilities:			
Deferred franchise revenue	212,310	387,543	-
Deferred income tax liability	5,662	9,422	-
Note payable	500,000	-	500,000
Total long-term liabilities	717,972	396,965	500,000
Total liabilities	1,049,128	778,448	800,601
Equity (deficit):			
Members' equity (deficit)	447,180	380,345	(34,160)
Total equity (deficit)	447,180	380,345	(34,160)
Total liabilities and members' equity (deficit)	$ 1,496,308	$ 1,158,793	$ 766,441

The accompanying notes are an integral part of these financial statements.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

We Rock the Spectrum, LLC
Statements of Income
For the Years Ended December 31, 2021, 2020 and 2019

Revenue:	**2021**	**2020**	**2019**
Franchise fee income	$ 1,129,280	$ 842,394	$ 902,685
Merchandise income	36,014	-	-
Royalty income	203,505	39,304	224,677
Management fee income	-	-	20,000
Miscellaneous franchise income	51,761	17,180	18,307
Total revenue	1,420,560	898,878	1,165,669
Cost of revenue:			
Franchise costs	234,543	394,760	253,659
Total cost of revenue	234,543	394,760	253,659
Gross profit	1,186,017	504,118	912,010
Operating expenses:			
Salaries, wages and related taxes	232,442	158,882	188,883
Professional fees	146,559	222,677	261,499
Outside services	122,759	201,092	143,939
Facilities	48,144	56,627	42,108
Depreciation expense	20,409	18,953	29,096
Marketing and promotion	333,958	190,566	275,722
Bad debt	40,000	-	-
Office expense	27,321	13,059	25,012
Insurance	14,147	18,509	25,229
Travel	42,818	25,783	88,532
IT and software subscription expense	43,195	46,980	44,298
Taxes and licenses	7,701	14,120	10,060
Postage and delivery	12,710	14,836	2,805
Bank and merchant fees	16,067	10,929	20,538
Settlement expense	-	-	48,500
Miscellaneous expense	-	3,926	-
Total operating expenses	1,108,230	996,939	1,206,221
Income (loss) from operations	77,787	(492,821)	(294,211)

(continued next page)

The accompanying notes are an integral part of these financial statements.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

We Rock the Spectrum, LLC
Statements of Income
For the Years Ended December 31, 2021, 2020 and 2019

(continued from next page)

	2021	2020	2019
Income (loss) from operations	77,787	(492,821)	(294,211)
Other iucome (expense):			
Other income	-	34,830	-
Interest income	26,123	-	-
Interest expense	(70,035)	(1,053)	(25,214)
Total other income (expense)	(43,912)	33,777	(25,214)
Income (loss) before provision for income taxes	33,875	(459,044)	(319,425)
Provision for income taxes	(2,960)	10,222	-
Net income (loss)	$ 36,835	$ (469,266)	$ (319,425)

The accompanying notes are an integral part of these financial statements.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

We Rock the Spectrum, LLC
Statements of Changes in Members' Equity
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Member's equity, beginning of year	$ 380,345	$ (34,160)	$ 322,068
Prior period adjustment	-	(153,031)	-
Member's equity, beginning of year (as restated)	380,345	(187,191)	322,068
Member contributions (distributions), net	30,000	1,000,000	(36,803)
Reclass of founding member's net distributions to due from affiliates	-	36,802	-
Net income (loss)	36,835	(469,266)	(319,425)
Member's equity, end of year	$ 447,180	$ 380,345	$ (34,160)

The accompanying notes are an integral part of these financial statements.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

We Rock the Spectrum, LLC
Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019

Cash flows from operating activities:	2021	2020	2019
Net income (loss)	$ 36,835	$ (469,266)	$ (319,425)
Adjustments to reconcile net income (loss) to net cash used by operating activities:			
Depreciation expense	20,409	18,953	29,096
Interest payable forgiven	-	(10,000)	-
Provision for deferred taxes	(3,760)	9,422	-
Accrued interest income on due from affiliates	(26,123)	-	-
Changes in assets and liabilities:			
Decrease (increase) in:			
Receivables	56,742	(40,830)	90,368
Increase (decrease) in:			
Accounts payable	(33,421)	26,515	1,128
Accrued and other current liabilities	(16,906)	63,567	4,848
Income tax payable	-	800	-
Deferred franchise revenue	(175,233)	234,512	-
Total adjustments	(178,292)	302,939	125,440
Net cash used by operating activities	(141,457)	(166,327)	(193,985)
Cash flows from investing activities:			
Investment in property and equipment	-	-	(21,707)
Advances to affiliated companies	(375,843)	(325,505)	(239,495)
Net cash used by investing activities	(375,843)	(325,505)	(261,202)
Cash flows from financing activities:			
Proceeds from issuance of a long-term note payable	500,000	-	500,000
Contributions from (distributions to) member(s), net	30,000	500,000	(36,803)
Net cash provided by financing activities	530,000	500,000	463,197
Net increase in cash	12,700	8,168	8,010
Cash at beginning of year	100,574	92,406	84,396
Cash at end of year	$ 113,274	$ 100,574	$ 92,406
Supplemental disclosures of cash flow information:			
Cash paid during year for:			
Interest	$ 68,403	$ 1,053	$ 15,214
Income taxes	$ -	$ -	$ 1,715

The accompanying notes are an integral part of these financial statements.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

1. Summary of significant accounting policies

This summary of significant accounting policies of We Rock the Spectrum, LLC (the Company) is presented to assist in understanding the Company's financial statements.

Nature of the Company

The Company was organized on September 18, 2013 as a California limited liability company, to sell franchises for the right to operate We Rock the Spectrum kid gyms. These gyms offer classes for children with special needs, and children who are developing (ages 12 months and up), gym facilities for kids to play or exercise, childcare services, and rentals for birthday parties, private play dates and special events.

During the years ended December 2013 and 2012 (prior to the organization of the Company), the Company's sole member issued seven licenses for the "We Rock the Spectrum Kids Gym" brand through We Rock the Spectrum, LLC – Tarzana (WRTS – Tarzana), a related party. In December 2013, WRTS – Tarzana assigned all of the obligations under these license agreements to the Company. These licensees pay annual licensing fees to the Company, and are not subject to the payment of franchise royalties to the Company.

During the year ended December 2014, one of these license agreements was converted into a franchise agreement with the Company. During the year ended December 2015, three of these license agreements were converted into franchise agreements with the Company. During the year ended December 2016, one of these license agreements was converted into a franchise agreement with the Company and one ceased operations. During the year ended December 31, 2020, the last licensee ceased operations.

As of December 31, 2021, the Company has 49 operating franchises across the country; and 11 international operating franchises (Malaysia, Australia, Canada, Ireland, Egypt, Saudi Arabia and Dubai).

Cash and cash equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. There were no cash equivalents at December 31, 2021, 2020 and 2019, respectively.

Revenue recognition

Nature of goods and services

The Company recognizes initial franchise fees as revenue when the Company has substantially performed its obligations related to such fees. Prior to such time, franchise fees collected are recorded as deferred revenue. In cases where collectability of the initial franchise fee is not reasonably assured, the Company defers recognition of such revenue until the cash is collected.

Royalties and marketing fees are recognized in the period earned.

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1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Disaggregation of revenue

The following is a summary of the disaggregation of revenue by primary geographical market for the year ended December 31, 2021 and 2020:

Location	Franchise fee income	Royalty income	Merch/ Misc. income	Total
December 31, 2021				
North America	$ 844,731	$ 119,418	$ 57,462	$ 1,021,611
Saudi Arabia	169,787	1,487	29,971	201,245
Australia	57,013	78,201	317	135,531
Malaysia	2,749	219	-	2,968
Canada	55,000	4,180	25	59,205
	$ 1,129,280	$ 203,505	$ 87,775	$ 1,420,560
December 31, 2020				
North America	$ 373,418	$ 23,637	$ 7,156	$ 404,211
Saudi Arabia	444,935	-	-	444,935
Australia	18,045	12,720	-	30,765
Malaysia	2,749	231	-	2,980
Ireland	1,854	-	-	1,854
Dubai	1,118	846	-	1,964
Egypt	275	-	10,024	10,299
Canada	-	1,870	-	1,870
	$ 842,394	$ 39,304	$ 17,180	$ 898,878

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There were no allowance for uncollectible accounts at December 31, 2021, 2020 and 2019, respectively.

Fair value measurements

The carrying amounts of the Company's financial instruments, including cash, receivables, due from related parties, accounts payable, income tax payable, and accrued and other current liabilities approximate their fair values based on their short-term nature.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

1. Summary of significant accounting policies (continued)

Credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash. Credit risk with respect to temporary cash investments is limited as the Company places its temporary cash investments with high credit quality financial institutions. The balances in these accounts frequently exceed the FDIC federally insured amount of $250,000. At December 31, 2021, 2020 and 2019, the Company had no uninsured cash deposits, respectively.

Property and equipment

Property and equipment are recorded at cost. The Company's policy is to capitalize assets with a cost of $1,000 or more, and with estimated useful lives in excess of one year. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are also capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

When property and equipment is sold or otherwise disposed of, the assets and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated (amortized) over the lesser of the lengths of the related leases or the estimated useful lives of the assets. Depreciation expense is computed using the straight-line method for financial reporting purposes, and using accelerated methods for income tax purposes. The useful lives of property and equipment for purposes of computing depreciation are:

Equipment	5 years
Leasehold improvements	5 years
Transportation equipment	5-7 years

Advertising costs

The Company expenses the costs of advertising as they are incurred. During the years ended December 31, 2021, 2020 and 2019, the Company incurred advertising costs of $4,617, $689, and $3,071, respectively.

Limited liability company (LLC) tax returns

On January 1, 2014, the Company elected to be taxed as an S-corporation under Section 1372 of the Internal Revenue Code of 1986. Under these provisions, the Company does not pay federal and pays only marginal state corporate income taxes on its taxable income. Instead, the sole member is liable for individual federal and state income taxes on the Company's distributable taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company distributes funds to its member to be used for the purpose of payment of the personal tax liabilities created by Company's taxable income.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

1. Summary of significant accounting policies (continued)

Limited liability company (LLC) tax returns (continued)

During 2020, a foreign investor acquired a 15% equity interest in the Company. As such, the Company can no longer be taxed as an S-Corporation. The Company has made an election to be taxed as a C-corporation beginning in 2020.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

New accounting standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease.

However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Early application of the amendments in this ASU is permitted; however, the Organization has not yet made such election.

Subsequent events

The Company has evaluated subsequent events through April 13, 2022, the date which the financial statements were available to be issued. There were no additional subsequent events noted that would require adjustment to or disclosure in the financial statement.

2. Receivables

The following is a summary of receivables at December 31, 2021, 2020 and 2019:

	2021	2020	2019
Franchise fee receivable	$ 11,389	$ 64,470	$ 26,849
Royalty fee receivable	21,264	24,925	21,716
	32,653	89,395	48,565
Less: Allowance for bad debts	-	-	-
	$ 32,653	$ 89,395	$ 48,565

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3. Property and equipment

The following is a summary of property and equipment – at cost, less accumulated depreciation at December 31, 2021, 2020, and 2019:

	2021	2020	2019
Leasehold improvements	$ 60,084	$ 60,084	$ 60,084
Transportation equipment	109,786	109,786	109,786
Equipment	18,863	18,863	18,863
	188,733	188,733	188,733
Less: Accumulated depreciation	(156,712)	(136,303)	(117,350)
	$ 32,021	$ 52,430	$ 71,383

Depreciation expense charged to operations was $20,409, $18,953, and $29,096 for the years ended December 31, 2021, 2020 and 2019, respectively.

4. Accrued and other current liabilities

The following is a summary of accrued and other current liabilities at December 31, 2021, 2020 and 2019:

	2021	2020	2019
Accrued payroll liabilities	$ 54,570	$ 13,108	$ 9,541
Accrued franchise costs	-	20,000	-
Short-term loan payable	-	40,000	-
Accrued interest payable	1,632	-	10,000
	$ 56,202	$ 73,108	$ 19,541

5. Provision for income taxes

Deferred income taxes arise from timing differences resulting from income and expense items being reported in different periods for financial accounting and tax purposes. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse.

For the years ended December 31, 2021 and 2020, the Company's effective income tax rate were lower than what would be expected if the federal statutory rate were applied to income from continuing operations due primarily to the excess of accelerated depreciation used for income tax purposes over the straight-line method of depreciation used for book purposes.

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5. Provision for income taxes (continued)

The components of the provision for income taxes for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Currently payable	$ 800	$ 800	$ -
Deferred taxes due to timing differences, net	(3,760)	9,422	-
	$ (2,960)	$ 10,222	$ -

Following is a summary of deferred income taxes at December 31, 2021, 2020 and 2019:

	2021	2021	2019
Deferred income tax asset:			
Accrual to cash conversion	$ 113,353	$ 178,768	$ -
Net operating loss carryforward (included in valuation allowance below)	96,574	68,982	-
Subtotal	209,927	247,750	-
Less: Valuation allowance	(209,927)	(247,750)	-
	-	-	-
Deferred income tax liability:			
Excess depreciation expense for income tax purposes	5,662	9,422	-
Total net long-term deferred income tax liability per ASU 2015-17	$ 5,662	$ 9,422	$ -

The Company has available at December 31, 2021 and 2020, unused net operating loss carryforwards which may provide future tax benefits expiring as follows

	Unused Net Operating Loss Carry Forwards	
Year of expiration	**Federal**	**California**
2041	$ 96,708	$ 104,284
2040	243,699	254,962
	$ 340,407	$ 359,246

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6. Note payable

During 2021, the Company entered into a 3.75% note payable agreement with the SBA (Small Business Administration) for $500,000. Under the terms of this agreement, principal and interest payments of $2,437 will begin on November 21, 2022 through October 31, 2051.

Following are maturities of the long-term note payable for each of the next five years and in the aggregate:

Year ending	**Amount**
2022	$ -
2023	-
2024	3,313
2025	10,803
2026	11,215
Thereafter	474,669
	$ 500,000

7. Related party transactions

Note payable to a member and member contributions

During 2019, the Company entered into an unsecured convertible note payable agreement with an individual for $500,000. Interest was due annually at 3% and the principal was due in lump-sum on December 31, 2025. Under the terms of this agreement, the note payable was convertible into a 15% equity interest in the Company (with an additional $500,000 contribution).

On April 30, 2020, this note payable was converted to 15% equity interest in the Company – and the individual also subsequently contributed the required $500,000 to the Company during 2020.

As a result of these transactions, this individual has a 30% interest in the Company.

Accrued interest payable, in connection with this agreement, was $10,000 for the year ended December 31, 2019; and was forgiven by the new member, upon conversion to the 15% equity interest.

Affiliated nonprofit organization

During 2019, the Company made net advances for working capital purposes to My Brother Rocks the Spectrum Foundation, an organization in which the founding member of the Company has a controlling interest.

At December 31, 2019, the balance due to this nonprofit organization was $7,546; which is included as an offset in due from affiliates in the balance sheet.

Affiliated limited liability companies and the founding member

During the years ended December 31, 2021, 2020, and 2019 the Company (for working capital purposes) made advances to We Rock the Spectrum – Tarzana, We Rock the Spectrum – Boca Raton and WRTS, LLC (WRTS). The founding member of the Company has an ownership interest in each of these companies. The Company also made advances to the founding member of the Company.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

7. Related party transactions (continued)

Affiliated limited liability companies and the founding member (continued)

Following is a summary of transactions and balances with these affiliates at December 31, 2021, 2020, and 2019:

Affiliate	2021	2020	2019
We Rock the Spectrum – Tarzana	$ 521,273	$ 372,258	$ 266,332
We Rock the Spectrum – Boca Raton	270	256,084	196,516
WRTS, LLC	99,537	99,537	98,718
Nonprofit organization (see above)	16,041	(7,546)	-
Founding member	679,639	194,461	-
	$ 1,316,760	$ 914,794	$ 561,566

Management does not expect the respective balances due from these affiliates to be repaid during the year ended December 31, 2022. As such, these receivable balances have been included in other assets in the balance sheets.

Beginning January 1, 2021, management began to accrue interest income of 3% on two of these receivable balances. Following is a summary of interest income in connection with these receivable balances for the years ended December 31, 2021, 2020 and 2019:

Interest income	2021	2020	2019
We Rock the Spectrum – Tarzana	$ 13,205	$ -	$ -
Founding member	12,918	-	-
	$ 26,123	$ -	$ -

8. Leases

Lease agreements

The Company leases its operations and administrative facility under a non-cancellable operating lease agreement. At December 31, 2021, the future minimum lease payments for leases with initial terms in excess of one year, and for each of the next four years and in the aggregate, are as follows:

Year ending December 31,	Amount
2022	$ 21,780
2023	22,227
2024	22,688
2025	13,394
Thereafter	-
	$ 80,089

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8. Leases (continued)

Affiliated limited liability companies and a member

Following is a summary of operating leases and renewal options at December 31, 2021:

Description of Property	Minimum Annual Rental	Expiration Date	Renewal Option Term	Renewal Option Rent
Operations facility	$ 21,780	July 2025	N/A	N/A

In the normal course of business, operating leases are generally renewed or replaced by other leases.

Rent expense on all operating leases for the years ended December 31, 2021, 2020, and 2019 were $21,600, $21,600 and $17,112, respectively, which is included in facilities in the statements of income.

9. Commitments and contingencies

Litigation

Lawsuits and claims are filed against the Company in the ordinary course of business. The Company, and certain of its affiliates, have active litigation in various forms. The Company's policy is to accrue for litigation and claims when such amounts are probable and can be reasonably estimated based on consultation with external legal counsel, and review by the Company's General Counsel. While the outcomes of these actions are not presently determinable, it is the opinion of management that any resulting liability from these actions will not have a material effect on the financial statements of the Company.

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
LIST OF FRANCHISEES

LIST OF CURRENT U.S. FRANCHISEES

AS OF DECEMBER 31, 2021

Owner(s)	Address	City	State	Zip	Phone Number
Maura and Kevin Coley	1802 US-98, Ste A	Daphne	AL	36526	(251) 355-6178
Destiny Wagner	4811 E Grant Rd Ste 141	Tucson	AZ	85712	520-771-6296
Dana & Henry Aghassi	30315 Canwood St.	Agoura Hills	CA	91301	818-991-5437
Stephanie Hazzard / Robert Smith	4451 Redondo Beach Blvd, Unit B, 2nd Floor	Lawndale	CA	90260	310-318-7191
Raoul and Adriana Salas	2533 N Lakewood Blvd, Ste 200	Long Beach	CA	90815	562-386-2495
Howard and Rebecca Luck	19520 Nordhoff St	Northridge	CA	91324	818-341-3818
Fawaz Alhokair	1909 Santa Monica Blvd	Santa Monica	CA	90404	310-586-2629
Fiona Kelly	4397 Tujunga Ave	Studio City	CA	91604	818-980-5437
Adam Blass	9060 Kimberly Blvd #36-39	Boca Raton	FL	33434	561-218-0128
Valerie Bailey	1076 E Brandon Blvd., Unit 102	Brandon	FL	33511	813-571-1600
Robert and QiQi Cunningham	5159 S University Dr.	Davie	FL	33328	754-216-2153
Colt & Ashley Green	17640 Tamiami Trail South, Suite 309	Fort Myers	FL	33908	(239) 362-3378
Marissa Chunn and Lea Wells	9357 Suite 3 Phillips Highway	Jacksonville	FL	32256	904-330-0362
Janet Burrows	12505 Starkey Rd	Largo	FL	33773	727-240-1785
Amber Rudishauser & Mike Krga	223 S US Highway 1	Tequesta	FL	33469	561-529-3559
Angela and Jeff Erisman	614 W Crossville Rd	Roswell/Atlanta	GA	30075	(813) 468- 7751
Joey Spangler	1015A Century Dr.	Edwardsville	IL	62025	618-307-5834
Thanh Lam	10123 Grand Ave	Franklin Park	IL	60131	708-716-3063
Allie Hamilton	553 E Dundee Road	Palatine	IL	60074	847-496-5674
Brandi and John Boyd	1401 W Esplanade Ave, Unit 1610	Kenner	LA	70065	504-353-1585
Hannah & Paul Rogers	3714 Common St, Ste E	Lake Charles	LA	70607	337-419-1986
Melissa Damas & Sherley Brice	34 Central St	Wellesley	MA	02482	781-943-3125
Nikki and Trey Wooton	1998 Rock Spring Rd., Suite D	Forest Hill	MD	21050	410-891-4600
Pam and Kristina Ackley	7601 Airpark Rd Suite E	Gaithersburg	MD	20879	(301)-355-8486
Austin Melcavage****	160 Ritchie Highway	Severna Park	MD	21146	443-906-2558

Owner(s)	Address	City	State	Zip	Phone Number
Ben and Anesha Martinka	13495 Elder Dr. S, Suite #160	Baxter	MN	56425	(218) 454-0631
Melissa and Robert Holden	2075 Bentley Plaza Drive	Fenton	MO	63026	636-529-3559
Robert & Danielle Neal	7601 NW Roanridge Road	Kansas City	MO	64151	816-844-9580
Celeste Brown	10513 St. Charles Rock Road	St. Ann	MO	63074	314-733-9787
Vanessa and Mark Albano	63 Turtle Creek Dr	Asheville	NC	28803	828-712-2165
Jason and Jenny Grayer	309 Pineview Dr	Kernersville	NC	27284	336-310-4758
Christina "Pip" Carty	110 Black Horse Pike, Suite D3A	Audubon	NJ	08106	856-617-0927
Bertee Thomas and Kahreen R. Cunningham	3111 Route 38, Suite 14	Mount Laurel	NJ	08054	856-242-9354
Mary Topoleski and Jeff Kachuba	299 RT 9, Unit 4	Waretown	NJ	08758	609-622-8285
Ana Bourdon	606 Main Street	New Rochelle	NY	10801	(914) 365-2585
Meagan and Kyle Horn	1250 E Powell Rd	Lewis Center	OH	43035	614-396-8773
Taylor and Angela Singleton	4060 E. Galbraith Rd	Cincinnati	OH	45236	513- 429-5905
Gwen and Scott Batchelor	64 E 33rd St.	Edmond	OK	73013	405-657-1108
Kelly McAllister	12357 Academy Road	Philadelphia	PA	19154	215-632-9787
Kimberly Tolbert	2607 Woodruff Rd, Suite A	Simpsonville	SC	29681	864-243-8419
Taylor Wiesner	11722 Marsh Lane	Dallas	TX	75229	(936) 554-1616
Kevin Blodgett	1022 Wirt Rd, Ste 314	Houston	TX	77055	713-766-6635
Taffta and Dustin Thornburgh	4130 Farm to Market Rd 1488 Suite 104	Magnolia	TX	77384	346-703-2093
Margaret and Edmond Lee	4899 Highway 6, Ste 205B	Missouri City	TX	77459	281-208-7100
Arthur Garcia and Melinda Cordova	9902 Potranco Rd Suite 104	San Antonio	TX	78251	210-455-2944
Taylor Wiesner & Nicholas Deitering	932 Coronado Blvd.	Universal City	TX	78148	210-659-9330
Aruna Aiyar & Sumathi Sridhar	1910 132nd Ave NE Suite 7	Bellevue	WA	98005	425-223-5585
Colin Hirsch	34930 Enchanted Parkway, Suite 180	Federal Way	WA	98003	253-987-8877
Linda Niemela	140 E. Rawson Ave	Milwaukee	WI	53154	(414) 587-2028

* Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF CURRENT INTERNATIONAL FRANCHISEES

AS OF DECEMBER 31, 2021

Owner(s)	Address	City	Country	Zip	Phone Number
Tatiana Korosec	245 Wyecroft Road, Unit #3	Oakville ,Ontario	Canada	L6K 3Y6	905-337-0101
Sally and Marcus Johnson	378-380 Gilbert Road	Preston, Victoria	Australia	3072	(03) 9042 3115
Danni and Minh Gazzari	170 Marshalltown Road	Geelong, Victoria	Australia	3216	0490 430 444
Shane and Hellen Kav	Bay 1, 'Warrawong Business Park', 247 Shellharbour Road	Port Kembla, New South Wales	Australia	2505	(02) 4244 0592
Lisa Thomasson and Rebecca Mercuri	253 Wickham Road	Moorabbin, Victoria	Australia	3189	(03) 8394 5215
Maritza and Luis Aguerrie	1345 The Horsley Dr, Unit 2	Sydney, New South Wales	Australia	2164	(02) 9725 2446
Mona Hassin	Inside Lake House The Club, Next to Dusit Thani Hotel, Tesseen Street, Cairo, Egypt	New Cairo, Cairo	Egypt		0111-694-9991
Rahmah and Bruce Umemoto	204, Jalan Limau Manis, Bangsar	Bangsar	Malaysia		+60 10-939 5711
Yusliana Samsuri and Nazrishah Nordin	Lot L6-15, Melawati Mall Mall, Jalan Bandar, Taman Melawati, 53100 Ampang	Selangor	Malaysia		+603 4161 0471
Fawaz Alhokair	Mateen Plaza, King Abdelaziz Road	Riyadh	Saudi Arabia		011-212-1044
Dr. Nashila Jaffe and Ravi Gidwani	Beach Park Plaza Centre, Beach Road	Jumeirah, Dubai	UAE		04 343 2442

LIST OF U.S FRANCHISEES WHO TRANSFERRED THEIR GYMS TO NEW OWNERS

AS OF DECEMBER 31, 2021

Owner(s)	City	State	Phone number
Sharalle Horn & Sabina Sandoval	Lawndale	CA	310-318-7191
Carmen Rodriguez	Davie	FL	754-216-2153
Vandana Patel	Fort Myers	FL	(239) 362-3378
Jennifer & Mike Range	Edwardsville	IL	618-307-5834
Katy & Jason Miller	Lake Charles	LA	337-419-1986
Nicole Kries – Wyszynski	Mount Laurel	NJ	609-638-0899
Eva Millard	Ballston Spa	NY	518-288-3294
Barb Dickson	Philadelphia	PA	215-632-9787
Consuelo Davis	San Antonio	TX	210-659-9330

*Area Developer

LIST OF INTERNATIONAL FRANCHISEES WHO TRANSFERRED THEIR GYMS TO NEW OWNERS

AS OF DECEMBER 31, 2021

None.

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF U.S. FRANCHISEES WHO HAD AN OUTLET TERMINATED, NOT RENEWED, REACQUIRED BY FRANCHISOR, OR CEASED OPERATIONS FOR OTHER REASONS
AS OF DECEMBER 31, 2021

Owner(s)	City	State	Phone number
Glenda Guzman	Pomona	CA	818-294-8506
Heather Bourns	Ballston Spa	NY	360-721-8232
Adrian & Yeorgia Ackleys	Sterling	VA	571-239-3952

LIST OF INTERNATIONAL FRANCHISEES WHO HAD AN OUTLET TERMINATED, NOT RENEWED, REACQUIRED BY FRANCHISOR, OR CEASED OPERATIONS FOR OTHER REASONS
AS OF DECEMBER 31, 2021

None.

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF U.S. FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED
AS OF DECEMBER 31, 2021

Owner(s)	City	State	Phone number
Joaquin & Vanessa Tucker	Huntsville	AL	205-886-1901
Melissa Dobbs	Wasilla	AK	907-521-0890
Elizabeth and Evelyn Villarreal Salas	Downey	CA	562-328-7547
Andrea Beasley	Orlando	FL	401-228-4028
Kaela & Lori Cromer	Orlando	FL	386-846-2711
Christina & Robert Conant	North Port	FL	941-258-2839
Sarika & Ritesh Patel	Wesley Chapel	FL	386-801-6182
Courtney Leblanc	Lafayette	LA	337-578-1598
Randi Smith	Baltimore	MD	410-292-0666
Jessica Floyd	Raleigh	NC	919-539-2530
Doris and Tim Donohoe	Cliffside Park	NJ	718-207-9401
Sherease Alston and Ola Alabi	Brooklyn	NY	(718) 450-4401
Chad & Audra Ramirez	Western Oklahoma	OK	405-650-2386
Amanda Simas and Kelsey Laramee	Rhode Island	RI	(401) 525-6597
Steven Komarnitsky	Franklin	TN	310-245-2791
Kavita Jain	Madison	TN	971-212-3014
Elizabeth Sykes	Memphis	TN	731-394-8330
Madison & Kyle Rivenburg	Austin	TX	(210) 363-3268
Taylor Wiesner	Plano	TX	(936) 554-1616
Brandon Ireton	Midland	TX	325-998-0793
Christina Henderson	Southwest Dallas	TX	469-337-3202
Whitney King & Mary Jones	Chesapeake	VA	757-632-1123
Amy Kohl	Washington County	WI	262-853-8837

* Area Developer

LIST OF INTERNATIONAL FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED

AS OF DECEMBER 31, 2021

Owner(s)	City	Country
Maria Sylvia Thomas & Praveen Thyagarajan	Edmonton	Canada
Aneel and Megha Sharma	Belfast	Northern Ireland
Belinda Grant	Adelaide	Australia
Konthea and Anne Khuon	Berwick	Australia

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677	Commissioner of Financial Protection and Innovation of the State of California 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking And Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking And Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Fl New York, New York 10005 (212) 416-8285 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920-4407 (401) 462-9582	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920-4407 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W., 3rd Floor Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT K
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 We Rock The Spectrum, LLC offers you a franchise, We Rock The Spectrum, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If We Rock The Spectrum, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency Identified on Exhibit J.

The franchisor is We Rock The Spectrum, LLC, located at 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620.

Issuance Date: April 13, 2022.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Dina Kimmel, Gail Field and Carin Koeppel, 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620; John Canaday, 11162 NW 71st Terrace, Doral, Florida 33178, Telephone (787) 403-4178; _____.

We authorize the persons and/or entities listed on Exhibit J to receive service of process for us.

I have received a Disclosure Document dated April 13, 2022. This Disclosure Document includes the following Exhibits:

Exhibit A	Franchise Agreement and Exhibits
Exhibit B	Area Development Agreement and Exhibits
Exhibit C	Purchased Services Compliance and Indemnity Agreement
Exhibit D	Confidentiality Agreement for Prospective Franchisees
Exhibit E	State Specific Addenda
Exhibit F	Franchise Compliance Certificate
Exhibit G	General Release Agreement
Exhibit H	Financial Statements
Exhibit I	List of Franchisees/Licensees
Exhibit J	Agents for Service of Process & State Administrators
Exhibit K	Receipts

_____ _____

Date Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620.

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 We Rock The Spectrum, LLC offers you a franchise, We Rock The Spectrum, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

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Exhibit G	General Release Agreement
Exhibit H	Financial Statements
Exhibit I	List of Franchisees/Licensees
Exhibit J	Agents for Service of Process & State Administrators
Exhibit K	Receipts

_____ _____

Date Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.werockthespectrumkidsgym.com