typically offered beginning at 9:00 a.m. and ending between 8:00 p.m. and 9:00 p.m. (depending on registration). On the weekend, classes also start at 9:00 a.m. and typically end by 1:00 p.m. This allows for the scheduling of birthday parties and the Kids' Night Out event that takes place two or more weekend nights each month. Zooga Yoga also offers a retail component which includes a variety of products for retail sale including but not limited to: yoga mats, music cd's, dvd's, yoga cards, apparel, books, bracelets, eye pillows, tote bags, water bottles and other items. We produce our own original branded content in the form of cds, dvd's and books.

The Zooga Studio is decorated with colorful, proprietary characters, an interactive mural and our signature Chinese lanterns. It has a bright, playful atmosphere and provides a fun, welcoming and comfortable environment for kids and parents alike to enjoy healthy and happy activities. Zooga teachers are not all certified yoga instructors. We offer a wide variety of classes and instructors and our system teaches the right people how to be successful Zooga Yoga teachers.

Zooga Studios are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory and management; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and in the Confidential Operations Manual, which you should expect to evolve over time, which is loaned to you as our franchisee.

Zooga Studios use certain trademarks, service marks, and commercial symbols, including the mark "Zooga ", "YogaPlay" and the trade name "Zooga Yoga", all of which we may modify periodically. We may also modify a certain store design, décor and images developed for Zooga Studios and certain associated logos (collectively the "Marks" or "Proprietary Marks"). The Marks are owned by our Operating Affiliate which has licensed them to us so that we may sub-license them to our franchisees.

Since a Zooga Studio requires franchisees and their employees to work directly with children, you must pass our background check, and you must make sure that all of your employees also pass a background check. You may not employ anyone who has been convicted of a sex crime or a crime against a child, or who does not otherwise meet our requirements. You should review your state's requirements related to childcare licensing before you purchase the franchise.

Zooga Yoga Franchise Programs

We offer two~~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 Zooga Studio Program.

Under this program, you will sign our Franchise Agreement (**Exhibit B**) to operate a Zooga Studio 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 Zooga Studios 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

AREA DEVELOPMENT AGREEMENT
(FOR 2 ZOOGA STUDIOS)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Investment 1st Zooga Studio (26~~1~~)	$90,542 to $241,428	See Above	See Above	See Above
Development Fees~~s~~ (1~~2~~)	$10,000 to $10,000	As arranged	When you signed your Area Development Agreement	Us
Professional Fees (15)	$1,550 to $3,000	As arranged	As arranged	Attorney, Accountant
Total (25)	**$102,092 to $254,428**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. ***Initial Franchise Fee and Development Fee***. The initial franchise fee and the Development Fee are ~~is~~ discussed in Item 5. When you sign the Area Development Agreement for a minimum of 2 Zooga Studios, you must pay us a Development Fee of $10,000 for each Zooga Studio you will develop, other than your first Zooga Studio. You must also pay us the $32,500 Initial Franchise Fee for your first Zooga Studio when you sign the Area Development Agreement. When you sign a Franchise Agreement for each subsequent Zooga Studio you will develop, you must pay us a $32,500 Initial Franchise Fee for each of them; however, we will credit your Development Fee against the Initial Franchise Fee for each subsequent Zooga Studio (not to exceed a credit of $10,000 for any single Zooga Studio), so you will only have to pay us $32,500 when you sign a Franchise Agreement for each subsequent Zooga Studio. The estimates in these charts do not reflect the $10,000 credit we will grant you against the Initial Franchise Fee when you sign your second and subsequent Franchise Agreement under an Area Development Agreement.

2. ***Lease Deposit***. Your landlord may require you to pay a security deposit. The low estimate assumes 1,100 square footage at $1.06 per square foot and the high estimate assumes 1,600 square footage location at $4.00 per square foot.

3. ***Utility Security Deposits***. We expect that you will need to pay deposits for your local utilities, such as telephone, electricity and gas. The amount of your deposits will depend, in part, on your credit rating and the policies of the individual utility companies.

4. ***Rent***. If you do not own adequate property that we approve, you must lease the property for your business. The typical size for a Zooga Studio is 1,000 to 1,600 square feet and is located in an inline or strip shopping center or any facility that may be fit for a Zooga Studio. The costs will vary widely and may be significantly higher than projected in this table depending on factors such as property

Initial Inventory and Equipment: You must purchase your continuing supply of required logo'ed retail items, décor items, yoga teaching supplies and equipment from us, our affiliate or approved supplier and we reserve the right to earn a profit from the sale of these items to our franchisees. The estimated cost of the initial inventory ranges from $3,625 to $3,988. The estimated cost of Equipment & Décor ranges from $2,528 to $4,275.

Area Development Program.

You must pay us a development fee (the "**Development Fee**") of $10,000 for each Zooga Studio you will develop under an Area Development Agreement, other than your first Zooga Studio. You must also pay us a $32,500 Initial Franchise Fee for your first Zooga Studio when you sign the Area Development Agreement. When you sign a Franchise Agreement for each subsequent Zooga Studio you will develop, you must pay us a $32,500 Initial Franchise Fee for each subsequent Zooga Studio; however, we will credit your Development Fee against the Initial Franchise Fee for each subsequent Zooga Studio (not to exceed a credit of $10,000 for any single Zooga Studio), so you will only have to pay us $32,500 when you sign a Franchise Agreement for each subsequent Zooga Studio. You must sign our then-current Franchise Agreement and pay the Initial Franchise Fee for each Zooga Studio after you select and we approve the Franchised Location for each Zooga Studio.

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. The Initial Franchise Fee and Development Fee are uniform to all parties applying to purchase a Zooga Studio. 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

Fees (1)	Amount	Due Date	Remarks
Royalty Fee (2)	6% percent of Gross Sales	Payable on the 5th day of each month (or the next business day if the 5th day of the month is not a business day)	Royalty Fees are calculated based on Gross Sales for the previous month. Amounts due will be withdrawn by EFT from your designated bank account.
Brand Development Fee (3)	2% of Gross Sales	Payable on the 5th day of each month (or the next business day if the 5th day of the month is not a business day)	You must contribute immediately to the Brand Development Fund. The Brand Development Fund is described in Item 11.
Technology Fee (4)	Up to $200 Currently $25 per month	Monthly	For technology services provided by us, an affiliate or designated third party.

Fees [1]	Amount	Due Date	Remarks
Interest	1.5% per month or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until the amount is paid in full.
Audit Fee	Cost of audit (estimated to be between $2,500 and $7,500)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.
Insufficient Funds Fee	$200	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement.
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	On demand, if incurred	In addition to other remedies available to us.
Non-Compliance Fee	$200 per incident	On demand, if incurred	If you are not in compliance with the terms of your Franchise Agreement.
Inventory Purchases	Will vary depending on circumstances	As incurred	You must purchase your continuing supply of required retail items, décor items, yoga teaching supplies and equipment from us, our affiliate or approved supplier.
Transfer Fee	Franchise Agreement: 33% of our then-current initial franchise fee for a single unit franchise, if the transfer is to an existing franchisee in the System 50% of our then-current initial franchise fee for a	On transfer of Franchise Agreement or Area Development Agreement, as applicable	Payable when you transfer your Franchise Agreement or Area Development Agreement, as applicable. No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.

Fees (1)	Amount	Due Date	Remarks
	single unit franchise if the transfer is to a new franchisee entering the System $1,500 for a single unit franchise, if the transfer is between existing owners that have already been approved or if you are adding a new shareholder that does not change the majority ownership in the franchisee entity Area Development Agreement: $5,000		
Renewal	$2,000	On renewal of Franchise Agreement or Area Development Agreement, as applicable	
Relocation Fee	15% of our then-current initial franchise fee for a single unit franchise	Submitted with request for approval of relocation	If you wish to relocate your Franchised Business and we approve the request.
Liquidated Damages	See footnote 6		
Computer Maintenance	Up to $1,000	Annually	We recommend, but do not require, that you have a maintenance contract for your computer system. This fee is payable to your supplier.
Music Subscription Fee	$33	Payable monthly	Payable to approved supplier.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement.

preceding that date that Gross Sales is to be calculated, divided by the total number of Affiliate-owned Zooga Studios and franchisee-owned Zooga Studios in operation during the same one (1) month period.

"**Competitive Business**" means any business other than a Zooga Studio that: (a) features the Approved Products and Services or substantially similar products and services; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business described in the foregoing clause (a), other than a Zooga Studio 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 Zooga Studio was required to be operating pursuant to the Development Obligation and the date that the Zooga Studio actually begins operating, which shall equal five percent (5%) of the Average Gross Sales of Zooga Studios.

"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 Zooga Studios 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 Fee Credit**" means $10,000 of the Development Fee that will be credited against the Initial Franchise Fee for each Zooga Studio upon the Parties' execution of a Franchise Agreement for each Zooga Studio as set forth on **Exhibit A.**

"**Development Obligation**" means the cumulative number of Zooga Studios 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 Zooga Studios 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.

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

"**Expiration Date**" means the fifth (5^{th}) 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 Zooga Studios 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.

"**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 Zooga Studio in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Franchised Location**" means the site of a Zooga Studio.

"**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 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 Sales**" means the total selling price of all services and products and all income of every other kind and nature related to the Zooga Studios, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. Data is based on calendar year..

"**Initial Franchise Fee**" means the $32~~50~~,5~~0~~00 initial fee that Area Developer must pay Franchisor for each Zooga Studio 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.

"**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 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 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.

"**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 Zooga Studios, 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.

"**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 Zooga Studio other than a Non-Traditional Venue.

"**Zooga Yoga Products and Services**" means any product now existing or developed in the future that bears any of the Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's methods, standards, branding, and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs, novelty items, yoga mats, yoga cards, cd's, dvd's, books, apparel, tote bags, eye pillows, and water bottles

"**Zooga Studio**" means a business that: (a) offers the Approved Products and Services for sale as well as certain complementary products and services; (b) meets our standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by us or our Affiliates or pursuant to a valid license from us.

2~~2~~. GRANT

2~~2~~.1~~1~~ **Grant and Development Obligation**. Franchisor hereby grants Area Developer, and Area Developer hereby accepts the right and obligation to use the Marks and the Zooga Yoga System to develop, -Open, and operate the cumulative number of Zooga Studios 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 Zooga Studios than the number of Zooga Studios 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 Zooga Studios or to use the Marks or the Zooga Yoga 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 Zooga Studio to be developed, opened and operated by Area Developer under this Agreement, the form of which may differ from the form of Franchise Agreement attached to Franchisor's Franchise Disclosure Document (the "**Disclosure Document**") provided to Area Developer prior to the Effective Date.

2~~2~~.2~~2~~ **Non-Exclusive License**. ~~Except as otherwise~~As expressly provided in Section 2.4, the rights granted to Area Developer under this Agreement are non-exclusive during the Initial Term; provided, that 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, Zooga Studios in the Development Area during the Initial Term.

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 Zooga Studio in the Development Area (the "**Additional Development Obligation**"), setting forth the number of additional Zooga Studios proposed to be opened by Area Developer, the proposed development fees and the proposed opening dates for each Zooga Studio 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 Zooga Studio 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 –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 Zooga Studios 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 Zooga Studios 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 Marks or Zooga Yoga System**. This Agreement is not a -Franchise Agreement, and does not grant Area Developer any right to use the Marks or the Zooga Yoga System. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the Marks, and to promote the goodwill of all Zooga Studios, the Marks and the Zooga Yoga System, Area Developer's rights to use the Marks, and the Zooga Yoga System will be granted to Area Developer solely under the terms of a Franchise Agreement. Area Developer shall not use the Marks, or the Zooga Yoga System in any manner or for any purpose before Area Developer and Franchisor execute a –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 Zooga Studio to be operated under this Agreement. Area Developer shall pay Franchisor the Initial Franchise Fee for the first Zooga Studio to be operated under 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 Zooga Studio shall be payable upon execution by Area Developer of each -Franchise Agreement entered into for each Zooga Studio to be developed under this Agreement, less the Development Fee Credit for each Zooga Studio, not to exceed a credit of the amount set forth on **Exhibit A** for any one Zooga Studio. The Initial Franchise Fee for each Zooga Studio 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 Zooga Studio 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 Zooga Studios. When Area Developer identifies a proposed site for a Zooga Studio, 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 Zooga Studios 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 Zooga Studio 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 Zooga Studio to be located at the Franchised Location and return it to

ZOOGA YOGA ENTERPRISES, INC.
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: ____________ **ZOOGA STUDIOS.**

DEVELOPMENT SCHEDULE: ________ Zooga Studios must be Opened within ___ months from the Effective Date as follows:

DEVELOPMENT PERIOD ENDING	CUMULATIVE NUMBER OF ZOOGA STUDIOS TO BE IN OPERATION
TOTAL	

DEVELOPMENT FEE: $__________________ (@ $10,000 for each Zooga Studio).

DEVELOPMENT FEE CREDIT: $10,000 per Zooga Studio except for Zooga Studio #1 (maximum credit per Zooga Studio).

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