

## FRANCHISE DISCLOSURE DOCUMENT



Big Air Franchising, LLC  
a California limited liability company  
999 Corporate Drive #~~215~~,215  
Ladera Ranch, CA 92694  
(844) 550-5867  
bigairfranchising.com

Big Air Franchising, LLC is offering franchises for the use of the trademark “BIG AIR TRAMPOLINE PARK and LOGO™” and related trademarks and service marks for the operation of a business offering an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products (“**Big Air Trampoline Business**”).

The total investment necessary to begin operation of a Big Air Trampoline Park franchised business is \$1,494,000 to ~~\$2,217,500~~,3,142,500, including \$60,000 that must be paid to the Franchisor, or its affiliate(s). If you choose to become a Multi-Unit Developer, the Multi-Unit Development Fee you will pay Franchisor is \$10,000 for each Big Air Trampoline Business license you commit to develop and the ~~Discounted License~~Development Initial Franchise Fee you will pay Franchisor is currently \$35,000 for each Big Air Trampoline Business license you commit to develop. The Development Initial Franchise Fee applies to the second, and any subsequent, Big Air Trampoline Business licenses you commit to develop, while you still must pay the Initial Franchise Fee for the first Big Air Trampoline Business license you commit to develop. The total investment necessary for any subsequent Big Air Trampoline Business franchise varies based on the total number of Big Air Trampoline Business franchises you commit to develop.

The disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the 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 Kevin Odekirk at 999 Corporate Drive #215, Ladera Ranch, CA 92694 at (844) 550-5867.

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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” is available from the FTC. You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**The issuance date: April 19, ~~2017~~,2018**

## STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. BIG AIR FRANCHISING HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
5. THE FRANCHISE IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

**Issuance Date (for non-registration states): April 19, ~~2017~~2018**

**Effective Date (for states requiring registration or notice filings):**

California:	Pending
Florida:	May 20, 2017
Hawaii:	<hr/> <hr/>
Illinois:	<del>June 9, 2016</del> <a href="#">Pending</a>
Indiana:	<del>May 20, 2017</del> <a href="#">Pending</a>
Kentucky:	March 13, 2015*
Maryland:	<hr/> <hr/>
Michigan:	Pending
Minnesota:	<del>May 31, 2017</del> <a href="#">Pending</a>
Nebraska:	March 5, 2015*
New York:	Pending
North Dakota:	<del>May 4, 2017</del> <a href="#">Pending</a>
Rhode Island:	<del>March 12, 2017</del> <a href="#">Pending</a>
South Dakota:	<del>Pending</del> <a href="#">Not Registered</a>
Texas:	March 3, 2015*
Utah:	<del>May 1, 2017</del> <a href="#">Pending</a>
Virginia:	Pending
Washington:	Pending
Wisconsin:	<del>April 25, 2017</del> <a href="#">Pending</a>

\*Denotes one-time filing requirement

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**EXHIBITS:**

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement
Exhibit C:	Multi-Unit Development Agreement
Exhibit D:	List of Current Franchisees and Former Franchisees
Exhibit E:	List of State Agencies and Agents for Service of Process
Exhibit F:	State-Specific Addendum
Exhibit G:	Operations Manual Table of Contents
Exhibit H:	Nondisclosure and Noncompetition Agreement
Exhibit I:	Statement of Franchisee
Exhibit J:	Receipt

**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document “**Big Air Trampoline**” or “**we**” means Big Air Franchising, LLC, the “**Franchisor**”. “**You**” means the person, corporation, partnership or other business entity that buys the franchise, the “**Franchisee**”. “**You**” also means your owners if you are a business entity.

**The Franchisor**

Big Air Franchising, LLC is a California limited liability company formed on January 20, 2015. We do not do business under any other name. Our principal business address is 999 Corporate Drive #215, Ladera Ranch, CA 92694. We began offering franchises for Big Air Trampoline Businesses in January 2015. We do not operate any Big Air Trampoline Businesses. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

Our agent for service of process in California is Evan Gentry 999 Corporate Drive #215, Ladera Ranch, CA 92694. Our other agents for service of process are disclosed on **Exhibit E**.

**Our Parent, Predecessor and Affiliates**

Our parent company is H2O Partners, LLC (“**H2O**”). H2O is a California limited liability company formed on March 7, 2006. H2O’s address is 999 Corporate Drive, #215, Ladera Ranch, California 92694. H2O provides management services and training services to us and our Affiliates. Big Air Trampoline will provide the training services, including, but not limited to, Point of Sale operations, facilities management, and the hiring and scheduling of employees to you to operate your franchised location.

We do not have a predecessor.

We have three affiliate companies (“**Affiliates**”) BigAir Fun, LLC (“**BigAir –LH**”) is a California limited liability company formed on October 1, 2012 and has operated a business similar to the one being franchised since 2013. BigAir-LH address is 999 Corporate Drive, #215, Ladera Ranch CA 92694. Waterpark Ventures, LLC (“**WPV**”) is a California limited liability company formed in August 2009. WPV’s address is 999 Corporate Drive #215, Ladera Ranch, CA 92694. BigAir Buena Park, LLC (“**BigAir – BP**”) is a California limited liability company formed on April 18, 2014, and has operated a business similar to the one being franchised since April 2015. BigAir-BP address is 999 Corporate Drive, #215, Ladera Ranch CA 92694. BigAir – LH and BigAir - BP operate businesses similar to the one being franchised. WPV operates a water park.

Our parent company and Affiliates do not franchise in this or any other line of business.

**The Business**

We offer franchises for the use of our “**BIG AIR TRAMPOLINE PARK and LOGO**” trademarks, trade names, service marks and logos (“**Marks**”) for the operation of Big Air Trampoline Businesses. The franchise is operated under a business format per a unique system,

including our valuable know-how, information, trade secrets, training methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Big Air Trampoline Businesses (“**System**”). We reserve the right to change or otherwise modify the System at any time at our sole discretion. Each Big Air Trampoline Business offers an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products (“**Big Air Trampoline Facility**”). To accommodate our equipment, the Big Air Trampoline Facility must have an appropriate ceiling height in accordance with ASTM standards and meet all local code and use requirements. Facilities that meet our requirements are typically located in light industrial areas, retail areas, strip malls, freestanding buildings and major retail malls.

You must operate your Big Air Trampoline Business per our standard business operating practices and sign our standard franchise agreement (“**Franchise Agreement**”). Your Big Air Trampoline Business must offer authorized services and products, specifically including indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Big Air Trampoline Business at any time at our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Big Air Trampoline Business.

We offer one type of Franchise, which is available to those persons who we deem qualified, at our sole discretion, to operate a Big Air Trampoline Business. You may operate one Big Air Trampoline Business for each Franchise Agreement you sign with us. (See ITEM 5). We also offer to select qualified persons the opportunity to acquire the right to develop Big Air Trampoline Businesses in multiple Territories. We retain the right, in our sole discretion, to choose to award or not to award a Big Air Trampoline Franchise to any prospective franchisee, and to cease discussions regarding the awarding of a Franchise at any time, regardless of the stage of the Franchise award process or the time and money spent by you or any other prospective franchisee.

We will use commercially reasonable efforts to grant no more than one license to a franchisee for every ~~250,000~~200,000 people (or incremental portion thereof) in a designated geographical area (“**Population Limit**”). We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing, to determine populations. The designated geographical area will be delineated using zip codes. We reserve the right to change, modify, or delete the Population Limits at our sole discretion.

If you are granted the right to enter into an Multi-Unit Development Agreement to open and operate more than one Big Air Trampoline Facility, you must sign a separate Franchise Agreement for each Big Air Trampoline Facility that you operate. Under the terms of our Multi-Unit Development Agreement, you agree to open one or more Big Air Trampoline Facilities each year within a particular Development Territory according to a development schedule (“**Development Schedule**”). (See ITEM 5 regarding limitations of development rights.) You must sign a Franchise Agreement in the form attached to this Franchise Disclosure Document for your first Big Air Trampoline Facility when you sign the Multi-Unit Development Agreement. We will require you to sign our then-current form of Franchise Agreement after that for each Big Air Trampoline

Facility that you develop under the Multi-Unit Development Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to “**you**” or “**Franchisee**” includes you both as an Multi-Unit Developer under an Multi-Unit Development Agreement and as Franchisee under a Franchise Agreement. The terms of future franchise arrangements may vary from the franchise offered under this Franchise Disclosure Document.

## **Regulations**

Certain states and local jurisdictions may have enacted laws, rules, regulations, and ordinances that apply to the care and supervision of children and may require, in certain instances, that you obtain a day care or similar license. These regulations may establish certain standards, specifications, and requirements that must be followed by you. In some states, your Big Air Trampoline Facility may be required to comply with laws and regulations relating to amusement parks. You should investigate whether there are any regulations and requirements that may apply in the geographic area in which you are interested in locating your Big Air Trampoline Facility, and you should consider both their effect and the cost of compliance.

You must obtain all required licenses and permits and ensuring that your employees and others providing Big Air Trampoline Products and Services to customers on behalf of your Big Air Trampoline Business have all required licenses and permits. The failure to maintain the proper licensing is a material breach of the Franchise Agreement. You must also perform criminal background checks on all of your employees. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224. See Exhibit J for a summary of industry-specific laws which may impact the operation of your Big Air Trampoline Business.

## **Market Competition**

The Big Air Trampoline System presently focuses on serving the recreational needs of families, children, teens and young adults in urban and suburban areas. You will have to compete with other businesses including franchised operations, national chains and independently owned companies offering activities and birthday parties for families, children, teens and young adults including indoor centers featuring trampolines, rock climbing walls, foam pits, and other business operations which service the recreational needs of families, children, teens and young adults. The market for providing recreational activities for families, children, teens and young adults is developed and competitive.

You will also face normal business risks that could have an adverse effect on your Big Air Trampoline Business. These include industry developments, such as pricing policies of competitors, and supply and demand. Another risk factor is our dependence on key personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, which may not be foreseeable.

## ITEM 2 BUSINESS EXPERIENCE

### **CEO and Founder – Greg Briggs**

Greg Briggs serves as our President since our formation in January 20, 2015. Mr. Briggs also serves as President for BigAir USA in Laguna Hills, California since November 2011. Before that time, he served as the General Manager of Wild Rivers Waterpark in Irvine, California from September 1985 until November 2011.

### **President and COO – Kevin Odekirk**

Kevin Odekirk serves as our President and COO since we were formed in January 20, 2015. Prior to joining us, Mr. Odekirk was the Director of Education and Training with Peak Franchising, LLC from June 2007 until September 2014 located in Orange, California.

### **~~Vice President of Business Development – Danny Rasmussen~~**

~~Danny Rasmussen serves as our Vice President of Business Development since we were formed in January 20, 2015. Since November 2012, Mr. Rasmussen has also served as~~

### **Director, Park Operations – Erin Davis**

Erin Davis joined Big Air Franchising in January of 2018 and serves as the Director of Park Operations. Prior to joining us, Mrs. Davis was the General Manager at Big Air Buena Park, LLC, located in Buena Park, CA from May 2016 until January 2018. Before that time, Mrs. Davis was the Assistant General Manager at Big Air Buena Park, LLC, located in Buena Park, CA, from September 2014 until May 2016. Mrs. Davis was the Manager of Big Air Fun, LLC, in Laguna Hills, CA from February 2013 until September 2014.

### **Director, Marketing Strategy – Tyler Neill**

Tyler Neill joined Big Air Franchising in December of 2017 as the Director of Marketing Strategy. Prior to joining us, Mr. Neill was the Director of Marketing for Big Air LH in Laguna Hills, California as well as Director of Marketing Big Air Trampoline in Orange County, CA from October 2015 through December 2017. From April 2012 until October 2015, Mr. Neill served as a Marketing Specialist for Splash Kingdom Waterpark in Redlands, California. Prior to that, while studying at Brigham Young University, Mr. Rasmussen served as a tutor in the BYU Writing Center from May 2009 through May 2012 in Salt Lake City, Utah. He also interned for the Salt Lake City Bees baseball club in Salt Lake City, Utah from March 2010 to September 2010, located in Redlands, CA.

## ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

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

## ITEM 5 INITIAL FEES

### Single Unit Franchises

You must pay us an Initial Franchise Fee of \$50,000 payable when you sign a Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable.

You must also pay a Training Fee of \$10,000 when you sign the Franchise Agreement. This fee covers the cost of initial training. If you want additional people to attend the initial training program, we will charge a training fee of \$500 per person. The Training Fee is deemed fully earned by us once paid and is non-refundable. All Training Fees are uniform.

We are not obligated to sell any additional franchises to any particular applicant.

During our fiscal year ending December 31, ~~2016 we did not sell any franchises and therefore did not collect any Initial Franchise Fees.~~ 2017 we sold one franchise and collected an initial fee of \$50,000.

### Multi-Unit Developers

At our discretion, we may offer to qualified candidates an Multi-Unit Development Agreement, attached to this Franchise Disclosure Document as **Exhibit C**, pursuant to which the Multi-Unit Developer (“**Multi-Unit Developer**”) obtains the right to develop and operate a prescribed number of Big Air Trampoline Facilities. When you sign an Multi-Unit Development Agreement for the development of more than one Big Air Trampoline Facility, we will grant you the right to build a mutually agreed upon number of Big Air Trampoline Facilities in a specified Development Area in accordance with a specified Development Schedule.

As a Multi-Unit Developer, you shall pay to Franchisor an Initial Franchise Fee for each Big Air Trampoline Facility to be developed hereunder. The initial franchise fee (“**Initial Franchise Fee**”) for the first Big Air Trampoline Facility to be developed under the Multi-Unit Development Agreement shall be Fifty Thousand Dollars (\$50,000). You must pay a Multi-Unit Development Fee of \$10,000 for each Big Air Trampoline Facility you intend to develop under the terms of the Multi-Unit Development Agreement. The Multi-Unit Development Fee is paid in addition to each Development Initial Franchise Fee and is credited toward each franchise required to be opened under the Multi-Unit Development Agreement. You must pay the Multi-Unit Development Fee when you sign the Multi-Unit Development Agreement. It is fully earned at the time you make the payment to us and is not refundable regardless of whether you ultimately open any or all of your Big Air Trampoline Facilities. You will pay an initial franchise fee equal to \$35,000 (“**Development Initial Franchise Fee**”) at the time you sign the second and each subsequent Franchise Agreement required under the terms of your Multi-Unit Development Agreement.

The Multi-Unit Development Fee may not be uniform for all franchisees due to the variable nature of negotiations, including but not limited to the size of the Development Area to be developed, the number of Big Air Trampoline Facilities to be developed, demographic data and trends and other variable conditions, and we reserve the right to charge different Multi-Unit Development Fees at our sole discretion. As of the date of this Franchise Disclosure Document, we had not negotiated any Multi-Unit Development Agreements.

During our fiscal year ending December 31, ~~2016~~2017 we did not sell any Multi-Unit Development franchises and therefore did collect any Development Initial Franchise Fees.

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty † (1)	6% of Gross Revenues per month	Payable monthly on or before the 10th of each month	We reserve the right to require you to pay your Royalty on a more frequent basis, including weekly.
Individual Advertising Expense (2)	The greater of 2% of Gross Revenue or \$5,000 per month (“ <b>Minimum Individual Advertising Expense</b> ”)	Payable monthly, at time set by you, after the first 60 days of operation	You must spend the greater of 2% of Gross Revenue or a minimum of \$5,000 on local marketing efforts every month
Local Advertising Cooperative (3)	Not less than 2% of Gross Revenues; more if members of the cooperative approve	As determined by members of the cooperative	
National Marketing and Promotions Fee † (4)	2% of Gross Revenue	Payable monthly on or before the 10 <sup>th</sup> of each month	We have set the initial National Marketing and Promotions Fee at 2%. However, we may increase the National Marketing and Promotions Fee, at our discretion, up to a minimum of 3% of Gross Revenues. We reserve the right to require you to pay your National Marketing and Promotions Fee on a more frequent basis, including weekly.
Additional On-Site Assistance (5) †	\$250 per day per person plus travel expenses, lodging and meals	Payable 30 days after billing	We provide a minimum of seven days of opening assistance at no additional charge. (See ITEM 11).
Initial Training for Additional Person(s)(6) †	\$500 per person plus the cost of travel, lodging, meals and personal expenses.	Payable before the beginning of the Initial Training Program	
Background Check Fees	\$25 to \$50 per employee	At time background check is ordered	You must conduct a criminal background check on each of your employees. The cost of the background check will depend on the depth of the review, which is dictated by the position held by the employee. These fees are paid to a third party review company and not to Us.

Type of Fee	Amount	Due Date	Remarks
Franchise Agreement Transfer Fee <sup>†</sup>	\$10,000	Before acceptance of transfer	Payable before you transfer your Franchise to a third party. No fee is charged to an individual or partnership franchisee that transfers its rights to a corporation controlled by the same interest holders.
POS Licensing Fee	<del>\$200</del> 450 per month	Monthly after you open your Big Air Trampoline Facility	This fee covers the cost of providing ongoing support to you for the point-of-sale system, <u>and is based on the number of licenses you have.</u>
Technology Support Fee	\$300 per month	Monthly after you open your Big Air Trampoline Facility	This fee covers the cost of providing technology support to you.
<u>ASCAP Fees</u>	<u>\$1,300 per year</u>	<u>Annually, beginning at the time you open your Big Air Trampoline Facility</u>	<u>This fee covers the cost of your Big Air Trampoline Facility's ASCAP music license and is based on admission pricing.</u>
<u>Waiver Violation Fee</u>	<u>\$2,500 per violation</u>	<u>Per Violation</u>	<u>If it is determined that admission was granted without a valid signed waiver.</u>
Multi-Unit Development Agreement Transfer Fee <sup>†</sup>	\$2,500 for each unopened Big Air Trampoline Facility to be transferred	Submitted with transfer application	Transfer Fees for Big Air Trampoline Facilities which are open and operating as of the date the transfer request is submitted to us will be governed by the terms of the Franchise Agreement signed for each Big Air Trampoline Facility. (See above).
Multi-Unit Development Agreement Extension Fee <sup>†</sup>	A minimum of \$5,000 per extension	When you request extension	If you request an extension of your Development Schedule, we have the right to charge you an Extension Fee
Grand Opening Events	\$10,000	As incurred during Grand Opening period	
Audit <sup>†</sup>	Cost of audit plus late fee of 1 1/2% interest per month on understatement	30 days after billing	Payable only if audit shows an understatement of at least 2% of Gross Revenue for any month
Fee for Lost Operations Manuals <sup>†</sup>	\$500	Upon delivery	
Successor Franchise Fee <sup>†</sup>	25% of then-current Initial Franchise Fee	Upon the issuance of a Successor Franchise Agreement	
Insurance (7)	At a minimum, comprehensive general liability coverage and such other insurance as we require in the Operations Manual	As incurred	Insurance requirements are set forth in Section 12.1(a) of the Franchise Agreement. Insurance requirements may be changed by us at any time upon 30 days' notice to you, as we determine is necessary.
Interest <sup>†</sup>	Lesser of 1.5% per month or highest rate of interest allowed by law	As incurred	Begins to accrue after any payments are due and unpaid.
Late Report Fee <sup>†</sup>	\$250 per violation	As incurred	Payable only if a required report or financial statement is not delivered when due.
Technology Maintenance Expense	The then-current cost of purchasing required hardware and software upgrades. The	At time of upgrade, which may be required at any time if we determine that the	We impose no cap or limitation on the amount of expense you may incur for hardware and software upgrades.

Type of Fee	Amount	Due Date	Remarks
	estimated range of costs are \$0-\$12,000	existing hardware and/or software is outdated	
Seminars, Conventions or Programs	You must pay your expenses, conference fees, if any, as well as the expenses your Designated Business Manager and employees incur in attending these meetings. The estimated range of costs is \$1,000 - \$1,500 per person.	As incurred	We reserve the right to conduct periodic meetings of all Franchisees, including a mandatory annual convention. All convention fees must be paid in advance according to the convention fee schedule outlined in the Operations Manual.
Major Upgrade Expense	\$200,000 to \$300,000	Your fifth year of operation	You must upgrade your Big Air Trampoline Facility to satisfy our then-current standards during your fifth year of operation.

† Denotes fees which are imposed and payable to us or our Affiliates. All fees paid to us or our Affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to the Franchise Agreement as **Attachment D** or any other form that we may accept) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported your Big Air Trampoline Business's Gross Revenues to us for any reporting period, then we shall be authorized, at our option, to debit your account for (a) the fees transferred from your account for the last reporting period for which a report of the Big Air Trampoline Business's Gross Revenues was provided to us; or (b) the amount due based on information retrieved from any approved Computer System.

Notes:

- (1) Royalty. The Royalty is 6% of the previous month's Gross Revenue. "**Gross Revenue**" means the total selling price of all food, beverages, services and merchandise sold at or from your Big Air Trampoline Facility and all income of every other kind and nature related to the Big Air Trampoline Facility's operation (including income related to off-site parties and rental income, if any), whether for cash or credit and regardless of collection in the case of credit (See Franchise Agreement, Definitions Section, for a complete definition of Gross Revenue).
- (2) Individual Advertising Expense. ITEM 7 describes your advertising requirements for the 30 days before the day you open your Big Air Trampoline Facility and the first 60 days of operation.
- (3) Local Advertising Cooperatives. Local advertising cooperatives will be composed of all franchised and company-operated Big Air Trampoline Facilities located in a designated market area. If a Local Advertising Cooperative is established, contributions to the Local Advertising Cooperative of up to 2% of Gross Revenue may be applied towards your Individual Advertising Expense obligation. We anticipate that each franchisee will have one vote for each Big Air Trampoline Facility operated by

the member in the designated market area. No Local Advertising Cooperatives have been established as of the date of this Franchise Disclosure Document.

- (4) National Marketing and Promotions Fee. These funds are used for national or regional advertising, to generate marketing materials and promotions materials, for public relations purposes, and for administrative costs associated with our marketing efforts. (See ITEM 11).
- (5) Additional On-Site Assistance. The Training Fee includes up to seven calendar days of initial training for you or, if you are a legal or business entity, your Designated Business Manager, and two additional people. You will be responsible for all travel expenses for all participants attending the initial training program including airfare, lodging, meals, ground transportation and personal expenses. The training will be in Laguna Hills, California or another location designated by us. We will also provide on-site opening assistance for two to three people, which will last for a minimum period of five days, at your Big Air Trampoline Facility when it opens for business. If you require or request additional on-site assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance if you are not meeting our requirements or if we determine, at our sole discretion, additional pre-opening or post-opening assistance is required or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. Such additional assistance will be at your expense as described above. Our current published rate for additional assistance is \$250 per day per person plus the cost of travel, meals, and room and board, but we reserve the right to adjust that rate periodically in our Operations Manual.
- (6) Initial Training for Additional Persons. We provide initial training for up to three people for up to seven calendar days for the Training Fee. If you want additional people to attend the initial training program, we will charge a training fee of \$500 per person. Training fees can be increased or decreased by us at any time in our discretion. You will also need to pay for airfare, lodging, ground transportation, meals, salary and benefits, and other personal expenses for each person attending the initial and any recurring training program.
- (7) Insurance. We have ~~one~~several approved insurance ~~provider~~providers that you must use to insure your Big Air Trampoline Business. You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and the officers, directors and employees of us and our designated Affiliates against any loss, liability, personal injury, death, property damage, or expense resulting from the operation of your Big Air Trampoline Business and all services you provide in connection with the operation of your Big Air Trampoline Business as we may require for your and our protection as we determine is necessary in amounts set forth in the Operations Manual (which may be adjusted periodically as we determine is necessary). You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance. The policies must also stipulate that we must receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against us. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us, including original endorsements affecting the coverage required by us will be furnished to us together with proof of payment within 10 days of issuance. You will also furnish us with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates

and endorsements are subject to approval by us. If you fail to procure and maintain the required insurance coverage, we have the right and authority to procure the insurance coverage and charge you, which charges, together with a fee not to exceed 15% for our expenses incurred in this procurement, you will pay immediately upon notice. [Pricing varies from market to market.](#)

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**SINGLE UNIT**

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (2)	\$50,000	\$50,000	Lump sum	Upon signing the Franchise Agreement	Us
Training Fee (3)	\$10,000	\$10,000	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (54)	\$0	\$7,500	As incurred	As incurred during training	Airlines, hotels, restaurants, rental car agency
Real Estate Leasing (65)	\$75,000	\$145,000	Before opening	As specified in lease	Landlord, site acquisition specialist, vendors
Architectural Fees and Permits (76)	\$60,000	\$75,000	At time of design	As specified in contract	Architect
Leasehold Improvements (87)	\$600,000	<del>\$950,000</del> <u>1,200,000</u>	As agreed	Varied times	Building contractor
Utility Deposits	\$60,000	\$80,000	Before opening	As specified by utility companies	Utility companies
Furniture, Fixtures, Equipment, and Décor (98)	\$280,000	<del>\$450,000</del> <u>1,000,000</u>	As agreed	Varied times	Suppliers, vendors
Exterior Signage (109)	\$20,000	<del>\$25,000</del> <u>30,000</u>	Before opening	As agreed	Sign vendor
Computer Hardware and Software (110)	\$20,000	<del>\$25,000</del> <u>120,000</u>	Lump sum	At delivery	Suppliers, vendors
Inventory, Supplies (121)	\$9,000	<del>\$15,000</del> <u>40,000</u>	Before opening and as needed	At delivery	Suppliers
Start-Up Advertising and Promotions Expense (1312)	\$60,000	\$60,000	As incurred	Varied times	Vendors
Pre-opening Costs and Expenses (1413)	\$50,000	\$75,000	As negotiated	As Incurred	Insurance carrier, Independent Vendors/ Employees
Additional Funds for First Three Months (1514)	\$200,000	\$250,000		As incurred	Vendors or third parties
<b>TOTAL (1615)</b>	\$1,494,000	<del>\$2,217,500</del> <u>3,142,500</u>			

## Notes:

- (1) Expenses. The high and low ranges in the table are based on an average Big Air Trampoline Business. All fees imposed by us are non-refundable unless otherwise noted. (See ITEM 5). Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.
- (2) Initial Franchise Fee. The Initial Franchise Fee is \$50,000. for each Big Air Trampoline Facility you open. The Initial Franchise Fee is due when you sign the Franchise Agreement and is non-refundable once paid. We will not provide direct or indirect financing. See Item 5 for information on the Multi-Unit Development Fee and the Development Initial Franchise Fee.
- (3) Training Fee. The Training Fee is \$10,000 for each Big Air Trampoline Facility you open. The Training Fee is due when you sign the Franchise Agreement and is non-refundable once paid. The Training Fee is utilized by us to provide you with initial training at our headquarters. We will not provide direct or indirect financing.
- (4) Travel and Living Expenses While Training. We provide training at our location in Laguna Hills, California or at another location designated by us and on-site training. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees and for airfare, meals, transportation costs and lodging for our representative to provide the on-site training. The low end of the range assumes You live in Laguna Hills, California and will travel home each night. The high end of the range assumes You will travel to Laguna Hills, California.
- (5) Real Estate Leasing. If you do not own adequate space, you must lease space for your Big Air Trampoline Facility. Generally, this will require that you pay the first and the last month's rent, plus a security deposit, at the time you sign the Lease. Big Air Trampoline Facilities are generally located in light industrial areas, retail areas, strip malls, freestanding buildings and major retail malls. The typical size of a Big Air Trampoline Facility is 25,000 to 35,000 square feet, but in some cases franchisees have elected to, or been required to, take significantly more square footage. We reserve the right to deny approval to your proposed Big Air Trampoline Facility if we deem it too large or too small, in our sole discretion. In most cases, the business terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated by you with our assistance or the assistance of our designee. We also require that you incorporate certain legal provisions into your Lease. These amounts are our best estimate of the range of costs for site acquisition, fees, and security deposits.
- (6) Architectural Fees. We will provide you with a basic set of design drawings for our standard layout for a Big Air Trampoline Facility. We will also work with you to develop a basic design for your Big Air Trampoline Facility. You will need to hire our designated architect or hire a local architect to prepare plans for your particular location and to create construction drawings which will be used by your local contractor to secure construction permits and to build your location.
- (7) Leasehold Improvements. These amounts are our best estimate of the range of costs of leasehold improvements, based on our experience constructing three Big Air Trampoline Facility locations in California, and will likely vary substantially based on local conditions, including the availability and prices of labor and materials. They do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord

will provide a “vanilla shell” space which, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Big Air Trampoline Facility. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a freestanding Big Air Trampoline Facility, which also would result in a significantly greater initial investment. This estimate does not include any tenant improvement allowance you may receive from the landlord for your Big Air Trampoline Facility. These costs could be substantially higher in certain markets. You should carefully investigate all of these costs in the area where you wish to establish your Big Air Trampoline Facility.

- (8) Furniture, Fixtures and Equipment. This estimate includes the cost to purchase trampolines, concession equipment, attractions, safety equipment and to outfit your party rooms and office. Much of this cost may be covered by an equipment lease.
- (9) Exterior Signage. You must purchase our approved exterior sign for the front of your Big Air Trampoline Facility. We will provide you with the specifications that must be followed. The average cost for an exterior sign ranges between \$20,000 and ~~\$25,000~~, 30,000, depending on the size of the sign and the requirements of the landlord.
- (10) Computer Hardware and Software. The estimated initial investment includes costs related to the purchase of specified computer hardware and software for custom designated admissions system. You must also provide us with electronic access to certain daily information.
- (11) Inventory, Supplies. Your initial inventory, supplies, and small safety equipment will typically include concession inventory, event supplies, paper products, birthday gift and celebration items, serving utensils, and other materials used in the Big Air Trampoline Business. We have the right to change the inventory, supplies, and small safety equipment requirements at any time.
- (12) Start-Up Advertising and Promotions Expense. You must spend at least \$60,000 on advertising, promotions, social media and public relations efforts starting 30 days before you open your Big Air Trampoline Facility and continuing through the first 60 days your Big Air Trampoline Facility is open. You should plan to spend at least \$10,000 of this Start-Up Advertising and Promotions Expense on a grand opening event.
- (13) Pre-Opening Costs and Expenses. These amounts represent our best estimate of the range of costs involved in the “pre-opening” category. They reflect the expenses, before opening, of payroll and benefit costs, start up insurance, travel, moving, hiring, conducting background checks on you and your employees, uniforms, and training materials for your hourly and salaried employees, supplies, various printed media materials, and miscellaneous set up costs for cable, internet service and telephone.
- (14) Additional Funds. This is for budgeting purposes only to account for unanticipated expenses. This amount includes estimated operating expenses you should expect to incur during the first three months of operations, not including any revenue generated by your Big Air Trampoline Business. It includes Working Capital, Royalties, National Marketing and Promotions Fees, POS licensing fees Technology Support Fees, advertising, payroll costs, deposits, fees for city, state and local business licenses, business entity organization expenses, other prepaid expenses, accounting and professional fees, real estate leasing costs that may be payable during the first three months of operation, and other operational expenses. These figures do not include any taxes or other permitting or licensing fees that you may pay. You should check with your local and state governmental agencies for any taxes and other permitting and licensing fees that may be assessed.

- (15) Total Estimated Initial Investment. These figures are estimates only. You should review these figures carefully with a business advisor before making any decision to purchase the Big Air Trampoline Business. You may incur additional expenses starting your Big Air Trampoline Business. Your costs depend on several factors, including how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and sales levels reached by your Big Air Trampoline Business during the initial period.

## YOUR ESTIMATED INITIAL INVESTMENT

### MULTI-UNIT

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Multi-Unit Franchise Fee <a href="#">(2)</a>	\$35,000	\$50,000	Lump sum	Upon signing the <del>Multi-Unit Development</del> <a href="#">Franchise Agreement</a>	Us
Multi-Unit Development Fee <del>(23)</del>	\$10,000	<del>\$100,000</del> <a href="#">10,000</a>	Lump <del>sum</del> <a href="#">Sum</a>	Upon signing the Multi-Unit Development Agreement	Us
<del>Discounted License Fee</del>	<del>\$35,000</del>	<del>\$35,000</del>	<del>Lump sum</del>	<del>Upon signing the Multi-Unit Development Agreement</del>	<del>Us</del>
Training Fee <a href="#">(34)</a>	\$10,000	\$10,000	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (5)	\$0	\$7,500	As incurred	As incurred during training	Airlines, hotels, restaurants, rental car agency
Real Estate Leasing (6)	\$75,000	\$145,000	Before opening	As specified in lease	Landlord, site acquisition specialist, vendors
Architectural Fees and Permits (7)	\$60,000	\$75,000	At time of design	As specified in contract	Architect
Leasehold Improvements (8)	\$600,000	<del>\$950,000</del> <a href="#">1,200,000</a>	As agreed	Varied times	Building contractor
Utility Deposits	\$60,000	\$80,000	Before opening	As specified by utility companies	Utility companies
Furniture, Fixtures, Equipment, and Décor (9)	\$280,000	<del>\$450,000</del> <a href="#">1,000,000</a>	As agreed	Varied times	Suppliers, vendors
Exterior <del>Sign</del> <a href="#">Signage</a> (10)	\$20,000	<del>\$25,000</del> <a href="#">30,000</a>	Before opening	As agreed	Sign vendor
Computer Hardware and Software (11)	\$20,000	<del>\$25,000</del> <a href="#">120,000</a>	Lump sum	At delivery	Suppliers, vendors
Inventory, Supplies (12)	\$9,000	<del>\$15,000</del> <a href="#">40,000</a>	Before opening and as needed	At delivery	Suppliers

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Start-Up Advertising and Promotions Expense (13)	\$60,000	\$60,000	As incurred	Varied times	Vendors
Pre-opening Costs and Expenses (14)	\$50,000	\$75,000	As negotiated	As Incurred	Insurance carrier, Independent Vendors/ Employees
Additional Funds for First Three Months (15)	\$200,000	\$250,000		As incurred	Vendors or third parties
<b>TOTAL (16)</b>	<del>\$1,524,000</del> <u>1,489,000</u>	<del>\$2,352,500</del> <u>3,152,500</u>			

**Notes:**

- (1) Expenses. The high and low ranges in the table are based on an average Big Air Trampoline Business. All fees imposed by us are non-refundable unless otherwise noted. (See ITEM 5). Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.
- (2) Multi-Unit Franchise Fee. The Initial Franchise Fee is \$50,000 for the first Franchise Agreement you sign under the Multi-Unit Development Agreement. The initial Franchise Fee for the second and each subsequent Franchise Agreement you sign under the Multi-Unit Development Agreement, termed the Development Initial Franchise Fee, is \$35,000. The Initial Franchise Fee and each Development Initial Franchise Fee is due when you sign the respective Franchise Agreement and is non-refundable once paid. We will not provide direct or indirect financing. See Item 5 for information on the Multi-Unit Development Fee and the Development Initial Franchise Fee.
- (3) ~~(2)~~ Multi-Unit Development Fee. The Multi-Unit Development Fee is \$10,000 for each Big Air Trampoline Facility you open. The Multi-Unit Development Fee is due when you sign the Multi-Unit Development Agreement and is non-refundable once paid. We will not provide direct or indirect financing. See Item 5 for additional information on the Multi-Unit Development Fee and the Development Initial Franchise Fee.
- (4) ~~(3)~~ Training Fee. The Training Fee is \$10,000 for each Big Air Trampoline Facility you open. The Training Fee is due when you sign the Franchise Agreement and is non-refundable once paid. The Training Fee is utilized by us to provide you with initial training at our headquarters. We will not provide direct or indirect financing.
- (5) ~~(4)~~ Travel and Living Expenses While Training. We provide training at our location in Laguna Hills, California or at another location designated by us and on-site training. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees and for airfare, meals, transportation costs and lodging for our representative to provide the on-site training. The low end of the range assumes You live in Laguna Hills, California and will travel home each night. The high end of the range assumes You will travel to Laguna Hills, California.
- (6) ~~(5)~~ Real Estate Leasing. If you do not own adequate space, you must lease space for your Big Air Trampoline Facility. Generally, this will require that you pay the first and the last month's rent, plus a security deposit, at the time you sign the Lease. Big Air Trampoline Facilities are

generally located in light industrial areas, retail areas, strip malls, freestanding buildings and major retail malls. The typical size of a Big Air Trampoline Facility is 25,000 to 35,000 square feet, but in some cases franchisees have elected to, or been required to, take significantly more square footage. We reserve the right to deny approval to your proposed Big Air Trampoline Facility if we deem it too large or too small, in our sole discretion. In most cases, the business terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated by you with our assistance or the assistance of our designee. We also require that you incorporate certain legal provisions into your Lease. These amounts are our best estimate of the range of costs for site acquisition, fees, and security deposits.

- (7) ~~(6)~~ Architectural Fees. We will provide you with a basic set of design drawings for our standard layout for a Big Air Trampoline Facility. We will also work with you to develop a basic design for your Big Air Trampoline Facility. You will need to hire our designated architect or hire a local architect to prepare plans for your particular location and to create construction drawings which will be used by your local contractor to secure construction permits and to build your location.
- (8) ~~(7)~~ Leasehold Improvements. These amounts are our best estimate of the range of costs of leasehold improvements, based on our experience constructing three Big Air Trampoline Facility locations in California, and will likely vary substantially based on local conditions, including the availability and prices of labor and materials. They do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a “vanilla shell” space which, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Big Air Trampoline Facility. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a freestanding Big Air Trampoline Facility, which also would result in a significantly greater initial investment. This estimate does not include any tenant improvement allowance you may receive from the landlord for your Big Air Trampoline Facility. These costs could be substantially higher in certain markets. You should carefully investigate all of these costs in the area where you wish to establish your Big Air Trampoline Facility.
- (9) ~~(8)~~ Furniture, Fixtures and Equipment. This estimate includes the cost to purchase trampolines, concession equipment, attractions, safety equipment and to outfit your party rooms and office. Much of this cost may be covered by an equipment lease.
- (10) ~~(9)~~ Exterior Signage. You must purchase our approved exterior sign for the front of your Big Air Trampoline Facility. We will provide you with the specifications that must be followed. The average cost for an exterior sign ranges between \$20,000 and ~~\$25,000~~, 30,000, depending on the size of the sign and the requirements of the landlord.
- (11) ~~(10)~~ Computer Hardware and Software. The estimated initial investment includes costs related to the purchase of specified computer hardware and software for custom designated admissions system. You must also provide us with electronic access to certain daily information.
- (12) ~~(11)~~ Inventory, Supplies. Your initial inventory, supplies, and small safety equipment will typically include concession inventory, event supplies, paper products, birthday gift and celebration items, serving utensils, and other materials used in the Big Air Trampoline Business. We have the right to change the inventory, supplies, and small safety equipment requirements at any time.
- (13) ~~(12)~~ Start-Up Advertising and Promotions Expense. You must spend at least \$60,000 on advertising, promotions, social media and public relations efforts starting 30 days before you open your Big Air

Trampoline Facility and continuing through the first 60 days your Big Air Trampoline Facility is open. You should plan to spend at least \$10,000 of this Start-Up Advertising and Promotions Expense on a grand opening event.

- (14) ~~(13)~~ Pre-Opening Costs and Expenses. These amounts represent our best estimate of the range of costs involved in the “pre-opening” category. They reflect the expenses, before opening, of payroll and benefit costs, start up insurance, travel, moving, hiring, conducting background checks on you and your employees, uniforms, and training materials for your hourly and salaried employees, supplies, various printed media materials, and miscellaneous set up costs for cable, internet service and telephone.
- (15) ~~(14)~~ Additional Funds. This is for budgeting purposes only to account for unanticipated expenses. This amount includes estimated operating expenses you should expect to incur during the first three months of operations, not including any revenue generated by your Big Air Trampoline Business. It includes Working Capital, Royalties, National Marketing and Promotions Fees, POS licensing fees Technology Support Fees, advertising, payroll costs, deposits, fees for city, state and local business licenses, business entity organization expenses, other prepaid expenses, accounting and professional fees, real estate leasing costs that may be payable during the first three months of operation, and other operational expenses. These figures do not include any taxes or other permitting or licensing fees that you may pay. You should check with your local and state governmental agencies for any taxes and other permitting and licensing fees that may be assessed.
- (16) ~~(15)~~ Total Estimated Initial Investment. These figures are estimates only. You should review these figures carefully with a business advisor before making any decision to purchase the Big Air Trampoline Business. You may incur additional expenses starting your Big Air Trampoline Business. Your costs depend on several factors, including how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and sales levels reached by your Big Air Trampoline Business during the initial period.

We have relied on over 29 years of experience constructing and operating activity parks and three years of experience in constructing and operating a Big Air Trampoline Business to compile these estimates. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Many factors that are unique to your location can make a dramatic difference in the estimates provided. The availability and terms of financing depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must establish and operate your Big Air Trampoline Business in compliance with your Franchise Agreement and the standards and specifications contained in the Big Air Trampoline confidential operations manual (“**Operations Manual**”) loaned to you by us.

You must provide specified services and sell specified products. The services include providing indoor activities for families, children, teens and young adults including birthday parties

and other celebrations, open play sessions, and other activities for children as required by us (“**Services**”). The products include products related to the Services, including birthday cakes and favors, other food items, and Big Air Trampoline branded apparel to be worn by your customers (“**Products**”). We reserve the right to require that you sell additional or different Services and Products in your Big Air Trampoline Business on 30 days prior written notice to you. You must provide the Services and sell the Products per our specifications and standards. We reserve the right to change standards and specifications on 30 days prior written notice to you. Any additional products must meet our standards and specifications and must be approved by us.

We have standards and specifications for your Big Air Trampoline Facility, equipment, uniforms, supplies, forms, Products, Services, advertising materials and most other services and products used in, sold or provided through your Big Air Trampoline Business. We will notify you of our specifications and standards. To maintain our standards of consistent, high quality Products, customer recognition, advertising support, value and uniformity in Big Air Trampoline Businesses, you must purchase or lease all of your required equipment, supplies, fixtures, inventory, goods, services and Products used in or sold through your Big Air Trampoline Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. As of the date of this Disclosure Document none of our officers own an interest in any approved supplier. The names of our approved suppliers will be provided in the confidential operations manual. We are not, nor are any persons affiliated with us, an approved supplier, but we reserve the right to become an approved supplier at any time in our discretion.

Since the date of this Franchise Disclosure Document we have not received any referral fees from our approved or designated suppliers. As of the date of this Disclosure Document none of our officers own an interest in any approved supplier. In the future, we may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and Products from us or our affiliates. The precise basis by which we may derive revenue in the future is undetermined at this time. If we derive revenue in the future from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and Products from our approved or designated suppliers and distributors, the precise basis by which we will do so will be disclosed to you. It is a material breach of your Franchise Agreement if you buy Products, equipment, supplies, fixtures, inventory, goods or services from anyone other than our designated or approved suppliers or distributors without our prior written approval. If you desire to use suppliers other than those which have been approved by us, you must submit your request to us in writing. We will then review the request and notify you of our approval or disapproval within 30 days.

We apply the following general criteria in approving a proposed supplier; ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier.

You may request that we approve or designate a new supplier by following the procedures, and paying all required fees and expenses for approval, as set forth in the Operations Manual and modified periodically by us as we determine is necessary. We will not unreasonably withhold the approval of a supplier; however, in order to make such determination, we may require that samples from a proposed new supplier be delivered to us for testing and approval prior to use. We reserve the right to require that you pay or reimburse us for the reasonable cost of investigation in

determining whether such products, services, materials, forms, items or supplies satisfy our specifications.

We estimate that the purchase of these supplies, equipment, inventory, fixtures, goods, services and Products from us or our designated or approved sources, or those meeting our standards and specifications, will be approximately 20% to 35% of your total cost to establish a Big Air Trampoline Business and 3% to 8% of your total cost of operating a Big Air Trampoline Business (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment or fixtures).

Franchisees must license from our designated supplier certain proprietary computer programs and related materials for use in the operation of Big Air Trampoline Business, including the admissions system software (“**Software**”). We or our designated Software vendor may require you to pay a separate license fee for the Software. The purchase of the Software license may include technical support. [Ongoing support fees will be required for the maintenance of the Software.](#) You may use the Software only on computer equipment and hardware purchased through our approved suppliers (“**Computer System**”) or obtain our written approval to purchase other equipment. (See ITEM 11 of this Franchise Disclosure Document for more information regarding the Computer System). Franchisees must also purchase trampolines and pizza oven from our designated suppliers for use in the operation of Big Air Trampoline Business.

You must also purchase from our designated vendor and maintain in force, at your sole cost and expense insurance policies protecting you, us, our designated Affiliates and the officers, directors and employees of us and our designated Affiliates against any loss, liability, personal injury, death, property damage, or expense resulting from the operation of your Big Air Trampoline Business and all services you provide in connection with the operation of your Big Air Trampoline Business as we may require for your and our protection at our sole discretion your insurance policy must meet our minimum specifications, comprehensive general liability coverage and such other insurance as we require in the Operations Manual, as prescribed in Item 6, and amounts set forth in the Operations Manual and Franchise Agreement (which we have the right to adjust periodically as we determine is necessary). You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance. If you fail to procure and maintain the required insurance coverage, we have the right and authority to procure the insurance coverage and charge you, which charges, together with a reasonable fee for our expenses incurred in this procurement, you will pay immediately upon notice.

We will respond to requests for approval to purchase equipment other than the Computer System, Software, trampolines and pizza oven within 10 business days from the date the request is received.

We do not have any purchasing or distribution co-operatives as of the date of this Franchise Disclosure Document. We negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors. There are no caps or limitations on the

maximum amount of rebates we may receive from our suppliers and distributors as the result of franchisee purchases.

## 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 Franchise Disclosure Document.**

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Definitions and Section 8 of the Franchise Agreement	ITEM 11
b. Pre-opening purchases/leases	Sections 8 and 9 of the Franchise Agreement	ITEMS 8 & 11
c. Site development and other pre-opening requirements	Section 8 of the Franchise Agreement	ITEMS 6, 7 & 11
d. Initial and ongoing training	Sections 7 and 8 of the Franchise Agreement	ITEM 11
e. Opening	Section 8 of the Franchise Agreement	None
f. Fees	Sections 5, 6 and 11 of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement	ITEMS 5 & 6
g. Compliance with standards and policies/Operations Manual	Section 8 of the Franchise Agreement	ITEM 11
h. Trademarks and proprietary information	Section 10 and <b>Attachment B</b> of the Franchise Agreement and <b>Attachment C</b> of the Multi-Unit Development Agreement	ITEMS 13 & 14
i. Restrictions on products/services offered	Sections 8 and 9 of the Franchise Agreement	ITEMS 8 & 16
j. Warranty and customer service requirements	Section 8 of the Franchise Agreement	ITEM 11
k. Territorial development and sales quotas	Section 4 of the Franchise Agreement and Sections 4, 5, and 16 of the Multi-Unit Development Agreement	ITEMS 11 & 12
l. Ongoing product purchases	Sections 8 and 9 of the Franchise Agreement	ITEM 16
m. Maintenance, appearance and remodeling requirements	Sections 3 and 8 of the Franchise Agreement	ITEM 7, note 2
n. Insurance	Section 12 of the Franchise Agreement	ITEM 8
o. Advertising	Section 11 of the Franchise Agreement	ITEM 11
p. Indemnification	Sections 10 and 12 of the Franchise Agreement and Section 14 of the Multi-Unit Development Agreement	None
q. Owners participation/ Management/staffing	Section 8 of the Franchise Agreement	ITEM 15
r. Records/reports	Section 6 of the Franchise Agreement	ITEMS 6 & 17
s. Inspection/audits	Sections 6, 7 and 8 of the Franchise Agreement	ITEM 6
t. Transfer	Section 15 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement	ITEM 17
u. Renewal	Section 3 of the Franchise Agreement and Section 2 of the Multi-Unit Development Agreement	ITEM 17

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Franchise Disclosure Document</b>
v. Post-termination obligations	Sections 10 and 17 of the Franchise Agreement and Sections 7 and 11 of the Multi-Unit Development Agreement	ITEM 17
w. Non-competition covenants	Section 14 of the Franchise Agreement and Section 11 of the Multi-Unit Development Agreement	ITEM 17
x. Dispute resolution	Section 20 of the Franchise Agreement and Section 21 of the Multi-Unit Development Agreement	ITEM 17

## **ITEM 10 FINANCING**

Neither Big Air Trampoline nor any agent or Affiliate of ours offers 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, Big Air Trampoline Park is not required to provide you with any assistance.**

### **Pre-opening Obligations**

Before you open your Big Air Trampoline Business, we (or our designee) will provide the following assistance and services to you:

1. Designate your Territory. (See Section 7.3(a) of the Franchise Agreement and **Attachment A** to the Franchise Agreement).
2. Provide you with specifications and required supplier information for all initial and replacement equipment, tools, inventory, Computer System and supplies required for the operation of You Big Air Trampoline Business. (See Section 7.3(b) of the Franchise Agreement).
3. Provide you with written site selection guidelines and criteria and such site selection assistance to determine an acceptable location for your Big Air Trampoline Facility as we have outlined in the Operations Manual. There are no additional charges for this service. (See Section 7.3(c) of the Franchise Agreement).
4. Assist you in your site selection process by authorizing a site for the Big Air Trampoline Facility and reviewing and authorizing a final Lease for the Big Air Trampoline Facility. (See Sections 7.3(d), Section 7.3(e) and 7.4 of the Franchise Agreement). Factors we consider in approving site selection are demographics, traffic patterns, parking, and other characteristics including the proposed size of your Big Air Trampoline Facility, exterior and interior appearance of the building, ease of finding the location, population density, average income and

other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas.

5. Approximately 90 days before the projected opening date (“**Projected Opening Date**”) in your Franchise Agreement or your receipt of all required licenses and permits, whichever comes later, we will conduct a seven calendar day training course for you, or if you are not an individual, your Designated Business Manager and two additional people in Laguna Hills, California or at another location designated by us. You must pay for airfare, lodging, meals, ground transportation, salaries and benefits, and any other personal expenses for yourself and any additional attendees which are incurred during this time. You must complete the required training 30 days before the scheduled opening date unless we designate a different training time frame in our discretion. You will pay the Training Fee for such training. (See Section 7.3(f) of the Franchise Agreement).

6. Loan you one copy of our confidential and proprietary Operations Manual prior to the commencement of your training program. The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically in our discretion. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. You will have the opportunity to view the Operations Manual at our headquarters before purchasing the Franchise, provided you agree in writing to keep its content confidential. The Operations Manual contains approximately 225 pages. The Table of Contents for the Operations Manual is attached to this Franchise Disclosure Document as **Exhibit G**. (See Section 7.3(g) of the Franchise Agreement).

7. Provide you with an initial inventory of letterhead and business cards and other start up materials at no additional cost. If you want additional copies, you must pay duplication costs. (See Section 7.3(h) of the Franchise Agreement)

8. Provide you with three people for on-site pre-opening and grand opening assistance for a minimum of seven calendar days during the first week of operation of your Big Air Trampoline Business. If you request that our representative stay for more than seven calendar days, we may charge you a daily fee and you must reimburse us for all additional lodging, food and transportation costs we incur during the additional time period. You will pay the Training Fee for such training. (See Section 7.3(i) of the Franchise Agreement).

### **Continuing Obligations**

During the term of the Franchise Agreement, we (or our designee) will provide the following assistance and services to you:

1. Make a representative available to speak with you on the telephone during regular business hours to discuss your operational experiences and support needs (See Section 7.5(a) of the Franchise Agreement). There are no additional charges for these services.

2. We may choose to provide you with continuing national, regional or local workshops and seminars, which we hold in our discretion. You must pay the conference fee, ranging

from \$1,000 to \$1,500 per person, and all travel and living expenses. We strongly encourage you to attend these conferences. These conferences are held in Laguna Hills, California or at a location chosen by us. (See Section 7.5(b) of the Franchise Agreement).

3. When we have grown to a sufficient size, in our discretion, we will hold an annual meeting of all franchisees. Attendance will be mandatory at these meetings. You will be required to pay a conference fee, ranging from \$1,000 to \$1,500 per person, and all of the lodging, food, and transportation costs incurred by you and anyone attending with you. (See Section 7.5(c) of the Franchise Agreement).

4. Inform you of mandatory specifications, standards and procedures for the operations of your Big Air Trampoline Business, as described in ITEM 8. (See Section 7.5(d) of the Franchise Agreement). There are no additional charges for these services.

5. Research new Products, Services and training methods and provide you with information concerning developments of this research. (See Section 7.5(e) of the Franchise Agreement). There are no additional charges for these services.

6. Maintain the National Marketing and Promotions Fund and use these funds to develop promotional and advertising programs for Big Air Trampoline Businesses. (See Section 7.5(f) of the Franchise Agreement). There are no additional charges for these services.

7. Provide marketing plans and advertising materials to you in the form of an arts graphics package, which is included in your Operations Manual. (See Section 7.5(g) of the Franchise Agreement). There are no additional charges for these services.

8. A representative of ours may, at our sole discretion, provide additional assistance. (See Section 7.5(h) of the Franchise Agreement). There may be additional charges for these services. If we provide additional assistance, we must agree in advance on the charges you will pay and the length of the visit. (See ITEM 6).

9. Establishing and managing one or more Local Advertising Cooperatives (See Section 7.5(h) and Section 11 of the Franchise Agreement).

We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to an Area Director with regional responsibility over the geographic area in which you operate your Big Air Trampoline Business or other designee. Except as listed above, we do not provide any additional assistance to you.

## Training

Before the opening of your Big Air Trampoline Business, we provide an initial training program lasting up to seven calendar days. The initial training program is usually conducted at our Laguna Hills, California location but the training course may be held elsewhere in the future in our discretion. You must satisfactorily complete the initial training program no later than 60 days prior to your grand opening of your Big Air Trampoline Business.

Under the Franchise Agreement, before you begin operating your Big Air Trampoline Business, you or, if you are not an individual, a “**Designated Business Manager**” must attend and successfully complete to our satisfaction our initial training program. You may have two additional people attend the initial training program at no additional training fee.

If the Designated Business Manager’s employment with you is terminated, you must designate a new Designated Business Manager who must successfully complete our initial training program within 60 days after the termination of the initial Designated Business Manager, unless we do not hold an initial training program during that 60-day period, in which case the replacement Designated Business Manager must attend and successfully complete the first available initial training program held by us. You may be charged a training fee for a replacement Designated Business Manager and the costs for airfare, ground transportation, lodging, meals, personal expenses, and the Designated Business Manager’s salary and benefits must be paid by you.

Other than the Training Fee, there is no additional tuition or fee for the initial training program for you or your Designated Business Manager and two additional people. If you desire to have additional people attend the initial training program there will be a \$500 per person training fee. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses for any person attending the initial training program. The training program will be held after a new franchise agreement has been executed, and before a new franchised location is opened for business.

Our training program consists of up to seven calendar days of training as follows:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On The Job Training	Location
<b>Introduction</b>	1	0	Laguna Hills, CA
<b>Big Air Basics</b>	1	0	Laguna Hills, CA
<b>POS: Check In</b>	1	2	Laguna Hills, CA
<b>POS: Birthdays</b>	1	2	Laguna Hills, CA
<b>POS Concession</b>	31	0	Laguna Hills, CA
<b>Subject</b>	<b>Hours-of Classroom Training</b>	<b>Hours-of On the Job Training</b>	<b>Location</b>
<b>Hiring and Scheduling Employees</b>	2	1	Laguna Hills, CA
<b>Area Responsibilities</b>	1	5	Laguna Hills, CA
<b>Supervisor Responsibilities</b>	1	5	Laguna Hills, CA
<b>Facilities: Daily Checklist</b>	1	2	Laguna Hills, CA

<b>Facilities: Daily Maintenance</b>	1	5	Laguna Hills, CA
<b>Facilities: Long Term Upkeep</b>	<del>3</del> 2	3	Laguna Hills, CA
<b>Facilities: Common Repairs</b>	<del>2</del> 1	4	Laguna Hills, CA
<b>Birthdays</b>	1	<del>5</del> 6	Laguna Hills, CA
<b>Toddler Time</b>	1	2	Laguna Hills, CA
<b>Cosmic Nights</b>	1	2	Laguna Hills, CA
<b>Marketing and Events</b>	<del>5</del> 3	<del>5</del> 6	Laguna Hills, CA
<b>Total Training Time</b>	<del>26</del> 20	<del>43</del> 45	

The initial training program and other on-going training will be conducted by training personnel under the direction of Kevin Odekirk. Mr. Odekirk has 16 years' experience in conceiving, designing and managing training programs and other management tools. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training.

The Operations Manual serves as our primary instructional material during our training program.

We may present seminars, conventions or continuing development programs for the benefit of franchisees. Your attendance is encouraged at regional meetings and mandatory at the annual conventions. You must pay for any conference fee and your travel and living expenses incurred in attending any seminar. (See ITEM 6).

[We will also provide on-site, opening assistance, consisting of at least two to three persons, for a minimum period of five days at your Big Air Trampoline Facility when it opens.](#)

## Advertising Programs

For the period beginning 30 days before you open your Big Air Trampoline Facility and continuing through the first 60 days after you have your Big Air Trampoline Facility open and operating, you will spend \$60,000.00 on advertising, social media, promotions and public relations efforts ("**Start-Up Advertising and Promotions Expense**"), including at least \$10,000 on one or more grand opening events.

### *Local Advertising*

On a monthly basis beginning 61 days after you open your Big Air Trampoline Facility, you must spend the greater of 2% of your total monthly Gross Revenues ("**Individual Advertising Expense**") or \$5,000 per month ("**Minimum Individual Advertising Expense**") for marketing purposes in your Territory. You must submit monthly reports to us reflecting your advertising expenditures. The Individual Advertising Expense must be used by you for local advertising, to be selected and placed by you, in your Territory. These funds are reserved only for marketing, promotions and advertising of your Big Air Trampoline Business. You may not advertise outside your Territory without our approval, which may be withheld at our sole discretion.

### *Local Advertising Cooperative*

We also may designate any geographic area in which two or more Big Air Trampoline Facilities are located as a region for establishing a local advertising cooperative (“**Cooperative**”). The members of the Cooperative for any area will consist of all Big Air Trampoline Facilities, whether franchised or operated by us or our Affiliates. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. Each Cooperative will be organized for the sole purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in local advertising. If a Cooperative has been established for a geographic area where your Big Air Trampoline Facility is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative and abide by the rules of the Cooperative. We reserve the right to form, change, dissolve or merge any Cooperative.

If we establish a Cooperative for your area, you must contribute to the Cooperative the amounts required by its governing documents. However, you will not be required to contribute more than 2% of your Gross Revenues during any month to the Cooperative. Your contributions to the Cooperative, if any, will be credited against your Individual Advertising Expense obligation, up to 2% of your Gross Revenues during any month. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative will be operated solely as a conduit for collecting and spending cooperative fees for the purposes outlined above. The Cooperative may not use any advertising or promotional plans or materials without our prior approval.

The amount of contribution will be determined by the members of the Cooperative, subject to our approval. We anticipate that each member will have one vote for each Big Air Trampoline Facility operated by the member within the geographic area subject to the Cooperative. Each Cooperative will have to prepare an annual financial statement reporting its expenditures for the previous year to its members. If a Cooperative is established, we will provide you with a copy of the governing documents.

### *National Marketing and Promotions Fund*

Under the Franchise Agreement, you must pay us a national marketing and promotions fee (“**National Marketing and Promotions Fee**”) of 2% of your monthly Gross Revenues. You must pay the National Marketing and Promotions Fee at the same time that you pay your Royalty, based on the amount of Gross Revenues you generated in the previous reporting period. We may, at our sole discretion, increase the National Marketing and Promotions Fee up to 3% of your monthly Gross Revenues. We will provide 30 days advance notice before increasing the National Marketing and Promotions Fee. Franchisor-owned units must contribute to the National Marketing and Promotions Fund at the same percentage rate as franchisees. We will deposit the National Marketing and Promotions Fees in a separate bank account, commercial account or savings account (“**National Marketing and Promotions Fund**”). The National Marketing and Promotions Fund will be administered by us, in our discretion, and we may use a professional advertising agency or media buyer to assist us. Your contribution to the National Marketing and Promotions Fund will be in addition to all other advertising fees set out in this ITEM 11.

We may reimburse ourselves, our authorized representatives or our Affiliates from the National Marketing and Promotions Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the National Marketing and Promotions Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the National Marketing and Promotions Fund or to maintain, direct or administer the National Marketing and Promotions Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the National Marketing and Promotions Fund on any terms we deem reasonable. Since we do not have the National Marketing and Promotions fund audited, audited financial statements are not available to franchisees. Upon written reasonable request, we will make available to you an annual accounting for the National Marketing and Promotions Fund that shows how the National Marketing and Promotions Fund proceeds have been spent for the previous year.

We may use the National Marketing and Promotions Fund for the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; social media; website development and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, radio or television. We do not guarantee that advertising expenditures from the National Marketing and Promotions Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We did not collect any National Marketing and Promotions Fees during our fiscal year ending December 31, ~~2016~~2017. We will not use National Marketing and Promotions Fund monies to solicit franchisees in our current fiscal year. Neither our Affiliates nor we receive payments for providing goods or services to the National Marketing and Promotions Fund, except for reimbursement of expenses as described above.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

There is no advertising council composed of franchisees that advises the franchisor on advertising policies.

#### *Marketing Resources, Pre-Approvals For Marketing Materials, and Internet Marketing*

You may order sales and marketing material from our designated supplier. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Big Air Trampoline Business, those items or services must be included in your Gross Revenues and will be subject to Royalties, Individual Advertising Expense and the National Marketing and Promotion Fees.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We intend that any Franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

#### **Site Selection**

You must select the site for the Big Air Trampoline Facility subject to our consent. You must use the services of our out-sourced real estate department during the site selection process and you may not independently contact any landlord or local broker without our express written permission, which we may grant or deny in our sole discretion. There is no additional fee for this service. You may not relocate the Big Air Trampoline Facility without our prior written consent. Before leasing or purchasing the site for the Big Air Trampoline Facility, you must submit to us, in the form we specify, a description of the site, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. If you are an Multi-Unit Developer, you must submit the information and materials for each proposed site to us no later than nine months before your scheduled opening date as defined in the Development Schedule in your Multi-Unit Development Agreement. We will have 14 days after we receive this information and materials to evaluate the proposed site. You must purchase or lease, at your expense, the site for the Big Air Trampoline Facility within 60 days after our evaluation and authorization of the site. You must submit for our review and authorization any sale or lease contract before you sign it. You must obtain site approval from us within 180 days of the signing of the Franchise Agreement. We may terminate the

Franchise Agreement if the parties cannot agree on a site within 12 months of the date of the Franchise Agreement.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable.

### **Schedule for Opening**

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Big Air Trampoline Business will be 12 months. Some factors which may affect this timing are your ability to acquire a Big Air Trampoline Facility through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory and the time to convert, renovate or build the Big Air Trampoline Facility. You must open your Big Air Trampoline Facility on or before the projected opening date (“**Projected Opening Date**”) set forth on **Attachment A** to the Franchise Agreement, but in no event more than 12 months from the date the Franchise Agreement becomes effective. Unless we agree to defer your Projected Opening Date, which we may choose to do or not do in our sole discretion, your failure to open your Big Air Trampoline Facility on or before the Projected Opening Date will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

You must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must apply for all required licenses and permits within 120 days after signing the Franchise Agreement. If you do not receive all required licenses, permits, and certifications within nine months of executing the Franchise Agreement, we may terminate the Franchise Agreement and retain all fees and other consideration paid by you. (See ITEM 5).

We reserve the right to require you to comply with reasonable restrictions on maximum and minimum prices (to the extent permitted by applicable law) of specific goods, programs or services offered and sold by the Franchised Business as required in the Manual or as we otherwise reasonably direct in writing from time to time.

You may not open your Big Air Trampoline Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) initial training is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; (7) you have provided us with a fully executed copy of the Lease for the Big Air Trampoline Facility; and (8) you have ordered, received and installed your equipment, supplies, uniforms, tools, products, inventory and Computer System. You must be prepared to begin operating your Big Air Trampoline Business immediately after we state that your Big Air Trampoline Business is ready for opening.

## Software and Computer Equipment

You must purchase and use computer hardware and software required by us. Currently, you must purchase at least one computer server; between 2-3 POS stations for admissions and 2-3 POS stations for events (Compatible OS – Windows 7 Professional or Windows 8.1 Professional, at least 2GB of memory and for an office station at least 4GB of memory); receipt printer for each POS Station; ticket printers for each POS, stackable ticket stock; magnetic stripe reader for each POS Station; cash drawer for each POS Station; and scanners for each POS Station (“**Hardware**”). Your Hardware must be capable of running the required admissions software (currently, CenterEdge) (“**Software**”). The Hardware and Software are referred to as the “**Computer System**”. You must update your Computer System, at your expense, as we may require periodically to meet our specifications as they evolve. Upgrades, in some cases, may only be available through our suppliers. We may change the designated suppliers periodically on written notice to you. (See ITEM 8).

We estimate the cost of purchasing and licensing the Computer System will range from \$20,000 to ~~\$25,000~~ \$78,000. You will also pay an installation fee for the security system. The installation fee is between \$2,000 - \$3,000 or prevailing market rate in your area. In addition, you must pay a monthly POS Licensing Fee in the amount of \$200 per month and a Technology Support Fee for the Software. Currently, the first year Technology Support Fee is waived by the supplier (although it may change this at any time). The Technology Support Fee is \$300 per month. Technology maintenance expenses are estimated at \$0 to \$12,000. Other than as set forth in the agreements between you and our Software vendors, which you will sign prior to the date you open your Big Air Trampoline Business, we have no contractual obligation to provide you with support services, maintenance, repairs, upgrades, or updates.

You must have sufficient computer skills to be able to operate your Computer System and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You must check your email account at least once every day.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by these communications and computer-related problems.

## ITEM 12 TERRITORY

### Single Unit Franchise Agreement

You will be granted a territory (“**Territory**”) in which to operate your Big Air Trampoline Business and to sell the Products and Services you are authorized to sell by the Franchise Agreement. Your Territory will be based on demographics and other characteristics including population density, average household income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas. We will use commercially reasonable efforts to grant only one license to a franchisee per ~~250,000~~200,000 people (or incremental portion thereof) in the designated geographical location (“**Population Limit**”). We will use the most recent population information reasonably available in the U.S. Census Data, or other population statistical sources of our choosing to determine populations. In most cases, your Territory will not exceed a radius of 50 miles from the front door of your Big Air Trampoline Facility. In certain densely populated metropolitan areas, this radius may be considerably smaller, while Franchisees operating in more rural areas may have a significantly larger radius surrounding their Big Air Trampoline Facilities. We have the exclusive right to determine the boundaries of your Territory at our sole discretion. Once the radius is determined, you will be assigned the zip codes that lie in whole or in part within the radius we have granted to you for marketing purposes. We reserve the right to change, modify, or delete the Population Limit at our sole discretion. If you wish to relocate your business site, the proposed new site must meet the then-current site selection criteria and be approved by us. Other than the boundaries set by the radius protection we grant to you. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may be granted, at our sole discretion, express permission to promote and advertise your Big Air Trampoline Facility to customers in an unsold territory adjacent to your Territory (“**Adjacent Territory**”). However, you must agree that when this Adjacent Territory is granted to another franchisee, you will, upon receipt of written notice from us, cease all promotional and advertising efforts within the Adjacent Territory, and return to us, within 10 days of the notice, all customer data and prospect information related to the Adjacent Territory. You do not have any rights of first refusal on the Adjacent Territory.

Customers from your Territory may purchase Services and Products from us and our Affiliates or designees over the Internet, or in other reserved channels of distribution. If you advertise or market your Big Air Trampoline Business outside of your Territory, unless otherwise approved by us, you will be in breach of your Franchise Agreement, and we would have the right to terminate your Franchise.

You do not need to satisfy any sales quota or market penetration to maintain your rights to your Territory. You will not receive rights of first refusal to acquire additional franchises within your area. You will maintain rights to your Territory even though the population in the Territory may increase or decrease, and once your Territory is established we cannot change or modify it under any circumstances. You will not be entitled to any additional zip codes or an expansion of your geographic boundaries if the population decreases or the demographic make-up changes in

your Territory. There are no other restrictions on us regarding granting franchised outlets for similar or competitive business within a defined territory.

We reserve the right, among others, to own, franchise, license or use the Marks and System to operate Big Air Trampoline Businesses at any location outside of the Territory, regardless of the proximity to your Big Air Trampoline Business. We will not establish within your Territory another franchisee or company-owned outlet which may also use the franchisor's trademarks, service marks, or Marks.

We reserve the right, among others, to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the System and/or Marks or other trademarks or services marks through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve alternative channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, as channels of distribution for us. You may not independently use alternative channels of distribution to make sales within or outside your Territory. If we use the Marks to sell the Products and Services that you must sell to a customer in your Territory over the Internet or other alternative channels of distribution, we or our supplier and manufacturers may, at our sole discretion, provide you with a credit in an amount solely determined by us.

We reserve the right, among others, to use, franchise and/or license the use of other proprietary and non-proprietary marks which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products, including within the Territory, which may be similar to or different from the business operated by you.

We reserve the right, among others, to use, license and/or franchise the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution in any location, including the Territory

We reserve the right, among others, to any websites utilizing a domain name incorporating one or more of the words "**Big**", "**Air**", "**Trampoline**", and/or "**Park**" or similar derivatives thereof. We retain the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

We reserve the right, among others, to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Big Air Trampoline Business, wherever located.

We reserve the right, among others, to acquire and convert to the System any businesses offering services and products related to operating indoor recreation centers for children, families, teens and young adults including such businesses operated by competitors or otherwise operated

independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory.

We reserve the right, among others, to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate these multi-area marketing programs.

### **Multi-Unit Development Agreement**

You may purchase Area Development rights to open and operate two or more Big Air Trampoline Businesses. If you purchase Area Development rights for Big Air Trampoline Businesses, you will be granted territory (“**Development Territory**”) in which your Big Air Trampoline Businesses must be established during implementation of the development schedule. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Your Development Territory will include a minimum population base of 250,000 (as determined by the most recent U.S. Census Bureau report) multiplied by the number of Big Air Trampoline Businesses you commit to open under the terms of the Multi-Unit Development Agreement. When and if the development schedule has been timely satisfied, you will no longer have the entire Development Territory and each Big Air Trampoline Business will be limited to its individual Territory, as described above. You will not receive rights of first refusal to acquire additional franchises.

During the term of the Multi-Unit Development Agreement, we do not have the right to establish our own, or to grant to others the right to establish, Big Air Trampoline Businesses within the Development Territory; however, we reserve the right to sell Products and Services, under the Marks or any other marks, through any other channels of distribution, and we reserve the same rights with respect to your Development Territory as it has with respect to exclusive territories granted to single unit franchisees.

While preservation of a Development Territory is not contingent upon sales volume, if a Multi-Unit Developer does not meet its development schedule, grounds for default exist. Loss of exclusivity in the Development Territory could then result as we may elect, in our sole discretion, to terminate the Multi-Unit Development Agreement, reduce or eliminate the territorial exclusivity, or reduce the size of the Development Territory.

Unless a renewal of the Multi-Unit Development Agreement and an extension of the development schedule are negotiated by the parties, the Multi-Unit Developer will no longer have a Development Territory upon the expiration or termination of the Multi-Unit Development Agreement. However, each Big Air Trampoline Business in good standing will retain its protected individual Territory as set forth in the Franchise Agreement.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the service mark “BIG AIR TRAMPOLINE PARK and LOGO” and various designs and logo types associated with our services. You may also use our other current or future Marks as we may designate to operate your Big Air Trampoline Business.

The “BIG AIR TRAMPOLINE PARK and LOGO” Marks and the System are owned by H2O. H2O has granted us a non-exclusive license (“**Intellectual Property License**”) to use the intellectual property for purposes of franchising the System around the world. The Intellectual Property License extends for 50 years, commencing February 11, 2015 provided that we are not in default or do not materially breach the Intellectual Property License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Intellectual Property License is terminated, H2O has agreed to negotiate a license with our licensees to use the “BIG AIR TRAMPOLINE PARK and LOGO” Marks and the System on substantially the same terms as the terms in our Intellectual Property License.

We have a trademark and filed all required affidavits on our principal Marks with the United States Patent and Trademark Office (“**USPTO**”) as follows:

<b>Mark</b>	<b>Registration or Filing Date</b>	<b>Application or Registration Number</b>	<b>Status</b>
BIG AIR TRAMPOLINE PARK	March 8, 2016	4,912,057	Registered on the Principal Register
	January 12, 2016	4,884,170	Registered on the Principal Register
BATTLEBEAM	June 23, 2015	4,760,298	Registered on the Principal Register
COSMIC NIGHTS	July 14, 2015	4,772,894	Registered on the Principal Register
TODDLER TIME	July 14, 2015	4,772,893	Registered on the Principal Register

We may also use a number of unregistered, common law trademarks. You must follow our rules when you use our Mark(s). You may not use any of the Mark(s) alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must get our prior written approval of your company name before you file any registration documents. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in

our discretion. You may not use our Mark(s) with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Mark(s) which are relevant to the use of these Mark(s). No currently effective litigation affects our use or ownership rights in any Mark. No currently effective agreement limits our right to use or license the use of our Mark(s).

You must notify us within three days after you learn about an infringement of or challenge to your use of our Mark(s). We may take the action necessary, at our sole discretion, to prevent the unauthorized use of our Mark(s). We are not obligated to protect your rights to use the trademark or protect you against any claims of infringement or unfair competition arising out of your use of the Mark(s). We will have no obligation to defend or indemnify you if a claim against you relates to your use of the Mark(s) in violation of the Franchise Agreement. Nor will you have the right to make any demand or to prosecute any claim against the alleged infringer for the infringement, unless we decide to join you in such action at our sole discretion. In such cases, we shall bear all your out-of-pocket expenses for such participation.

We will control any litigation or proceedings.

You must modify or discontinue the use of a Mark if we modify or discontinue the Mark. If this happens, we will reimburse you for your tangible out-of-pocket cost of compliance (for example, changing letterhead and business cards). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Mark(s). You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Mark(s) with superior rights to our rights. Before opening your Big Air Trampoline Business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise to avoid the possibility of having to change your Big Air Trampoline Business name.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by you and your employees are described in ITEM 11 and Sections 7, 8 and 10 of the Franchise Agreement. The designs contained in the Mark(s), the layout of our advertising materials, the content and format of our Products, as well as any other writings, recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Operations Manual, the Mark(s), the advertising materials, the content and format of our Products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information

("**Copyrighted Works**") in connection with your operation of your Big Air Trampoline Business, but these copyrights remain our sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit your use of our Copyrighted Works.

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Big Air Trampoline Businesses, formulations for and packaging of Products, and training and safety techniques used to provide Services sold at Big Air Trampoline Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of Big Air Trampoline Businesses and other related materials are proprietary and confidential ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your Big Air Trampoline Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Big Air Trampoline Businesses during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or

claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents are material to us at this time, although we reserve the right to file a patent on the design for our towers, launch platforms, and other jungle equipment.

We have the right to inspect, copy and use all records with respect to the customers, suppliers, and other services providers of, and related in any way to your Big Air Trampoline Business. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes, as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the Big Air Trampoline Business you, your Designated Business Manager or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners, Designated Business Manager or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of the Big Air Trampoline Business that you, your Designated Business Manager or your employees conceive or develop during the term of the Franchise Agreement in all indoor children's adventure businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

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

You or your Designated Business Manager must provide direct, on-site supervision of your Big Air Trampoline Business. You or your Designated Business Manager must also directly supervise your Multi-Unit Developer obligations, if any. Your Designated Business Manager does not have to own any beneficial interest in a business entity that owns the Big Air Trampoline Business.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your Big Air Trampoline Business and/or directly supervise the operations of your obligations as an Multi-Unit Developer. We must approve the selection of the Designated Business Manager before signing the Franchise Agreement and/or Multi-Unit Development Agreement. The Designated Business Manager must attend and successfully complete the initial training program, and must abide by the obligations in the Franchise Agreement and/or Multi-Unit Development Agreement and the Operations Manual. The

Designated Business Manager must agree to assume your confidentiality and non-competition obligations (See **Attachment B** to the Franchise Agreement).

If you are a legal or business entity, each individual who owns, directly or indirectly, a 5% or greater interest in you (and, if you are an individual, your immediate family defined as your spouse or domestic partner and any adult children involved in any way with the Big Air Trampoline Business) must sign the Guaranty and Assumption of Franchisee’s Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (See **Attachment B** to the Franchise Agreement and our Nondisclosure and Noncompetition Agreement attached to this Franchise Disclosure Document as **Exhibit H**); (See **Attachment C** to the Multi-Unit Development Agreement).

**ITEM 16  
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must refrain from using or permitting the use of your Big Air Trampoline Business for any other purpose or activity at any time without first obtaining our written consent.

Unless we provide prior written approval otherwise, You must sell or offer for sale only those Services and Products which are authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. Unless we provide prior written approval otherwise, You must sell or offer for sale all types of Services and Products specified by us. We may change or add to our required Services and Products at our discretion with prior notice to you. You must discontinue selling and offering for sale any Services or Products which we may, in our discretion, disapprove in writing at any time. We reserve the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions.

**ITEM 17  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3	10 years.
b. Renewal or extension of the term	Section 3	Your successor franchise right permits you to remain as a franchise after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the pre-conditions to obtaining a Successor Franchise, we will offer you the right to obtain an additional term of 10 years. You must sign our then-current Franchise Agreement (“ <b>Successor Franchise Agreement</b> ”) for the Successor Term, and this new Franchise Agreement may have materially different terms

Provision	Section in Franchise Agreement	Summary
		and conditions from the Franchise Agreement that covered your original term.
c. Requirements for franchisee to renew or extend	Section 3	Sign Successor Franchise Agreement, which may be materially different in terms and conditions, be current in payments, sign release, pay Successor Franchise Fee.
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 17	We can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined - defaults which can be cured	Section 17.2	You have 30 days to cure: failure to maintain operating procedures and standards; failure to obtain Franchisor's prior written approval as required by the Franchise Agreement; failure to comply with requirements of the Operations Manual; default under any Lease term of the Big Air Trampoline Facility or any other premises used to operate the Business, any other franchise agreement with Franchisor or any agreement material to the Business; failure to submit required reports when due; failure to accurately report required information; failure to comply with any provision of the Franchise Agreement or any specification, standard or operating procedure and Franchisee does not correct the failure within specified period of time after receipt of written notice from Franchisor.
h. "Cause" defined – non-curable defaults	Section 17.1	Non-curable defaults: failure to open on or before projected opening date; unauthorized disclosure of any part of Franchisor's Operations Manual, Confidential Information or Trade Secrets; abandonment of the Big Air Trampoline Business for five consecutive days or any shorter period that indicates an intent to discontinue operation of the Business, unless due to causes beyond your control; you are declared bankrupt or insolvent; you have a material judgment or judgments against you that remain unsatisfied or of record for 30 days or longer, execution is levied against your Big Air Trampoline Business, or the real or personal property of your Big Air Trampoline Business shall be sold after levy by a sheriff; you, your Designated Business Manager, or any owner of greater than 10% of the Franchisee entity is charged or convicted of a felony charge, a crime involving moral turpitude, a crime against a child, or any other crime or charge that may materially and unfavorably affect the System, Marks, goodwill or reputation thereof; failure to pay amounts due Franchisor or Affiliates within 10 days after receipt of notice that amounts are overdue; failure to correct misuse or failure to follow Franchisor's

Provision	Section in Franchise Agreement	Summary
		<p>guidelines concerning use of the Marks after notification from Franchisor; receipt of two notices of default under the Franchise Agreement within a 12 month period whether or not such failure to comply is corrected; unauthorized sale, transfer or assignment of the Big Air Trampoline Business or an interest therein, the Franchise Agreement or a portion of the assets of the Big Air Trampoline Business; understatement by more than 2% of your Gross Revenue on two or more occasions during the Term unless you can demonstrate such understatements were from inadvertent error; failure to submit any required information or late submission on two or more occasions during the Term or any Successor Term; the sale or offer for sale of any unauthorized merchandise, product or service, engagement in unauthorized business or sale of unauthorized products or services under the Marks or a name or mark that is confusingly similar to the Marks; you contest in court or any proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials; an action to merge, consolidate, dissolve or liquidate a Franchisee business entity without Franchisor's prior written consent; failure to successfully complete any training or re-training course; receipt during the Term or any Successor Term of three or more notices of default from Franchisor whether or not such defaults were corrected; any misrepresentation under Section 1.9 of the Franchise Agreement or violation of Anti-Terrorism Laws by you, your Designated Business Manager, or your owners, officers, directors, managers, members, partners, agents or employees.</p>
i. Your obligations on termination/non-renewal	Sections 10, 12, 14 & 17	Obligations include complete de-identification, payment of amounts due and return of Operations Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by us	Section 15.1	No restriction on our right to assign. However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.
k. "Transfer" by you – definition	Section 15	Includes transfer of contract or assets or ownership change.
l. Our approval of transfer by franchisee	Section 15	We have the right to approve all transfers.
m. Conditions for our approval of transfer	Section 15	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged,

Provision	Section in Franchise Agreement	Summary
		release signed by you and current agreement signed by new franchisee.
n. Our right of first refusal to acquire your business	Section 16	We can match any offer for your business.
o. Our option to purchase your business	Section 16	We may, but are not required to, purchase your inventory and equipment at fair market value if your Franchise is terminated for any reason.
p. Your death or disability	Section 15.9	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 180 days of your death or disability.
q. Non-competition covenants during the term of franchise	Section 14	No involvement in competing business anywhere in US.
r. Non-competition covenants after the franchise is terminated or expires	Sections 14, 17	No competing business for 2 years (i) in the Territory or any other Franchisee's Territory; (ii) within 100 miles of the Territory or any other Franchisee's Territory or (iii) within 100 miles of any of our Affiliate owned Big Air Trampoline Business.
s. Modification of agreement	Sections 2.3, 3.3 & 21.11	No modifications of Franchise Agreement during term generally, but Operations Manual subject to change. Modifications permitted on renewal.
t. Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement are binding (subject to state law); Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be arbitrated in Ladera Ranch California (Subject to state law)
v. Choice of forum	Sections 20.3 & 21.1	Litigation and arbitration must be in California, except as provided in a State Specific Addendum.
w. Choice of law	Sections 20.3 & 21.1	California law applies, except as provided in a State Specific Addendum.

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

Provision	Section in Multi-Unit Development Agreement	Summary
a. Length of the Multi-Unit Development Agreement	Sections 2 and 4	The term of the Multi-Unit Development Agreement will be negotiated by the parties.
b. Renewal or extension of the term	Section 2	Any Successor Term must be negotiated by the parties. You must be in good standing to renew.
c. Requirements for Multi-Unit Developer to renew or extend	Sections 2 and 7	Not in default under the Multi-Unit Development Agreement or any Franchise Agreement.
d. Termination by you	Not Applicable	

<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
e. Termination by Franchisor without cause	Not Applicable	
f. Termination by Franchisor with cause	Section 7	Franchisor can terminate you if you are in default.
g. "Cause" defined – curable defaults	Not Applicable	
h. "Cause" defined – non-curable defaults	Section 7	Failure to comply with Development Schedule, failure to comply with any obligations in the Multi-Unit Development Agreement or any Franchise Agreement, termination of approved affiliate of Multi-Unit Developer, etc., cease to be a franchisee in good standing; fail to comply with the transfer provisions
i. Your obligations on termination/non-renewal	Sections 10 and 11	Confidentiality and non-competition.
j. Assignment of contract by Franchisor	Section 8.1	No restriction on Franchisor's right to assign.
k. Transfer by you – definition	Section 8.2	Includes transfer of contract, assets, ownership change or any interest in the Area Development or Franchise Agreements. Any transfer of a single-unit Big Air Trampoline Facility will be governed by the Franchise Agreement to which the single-unit Big Air Trampoline Facility is bound.
l. Franchisor's approval of transfer by Multi-Unit Developer	Section 8.2	Franchisor must approve all transfers and Franchisor has right of first refusal on all proposed transfers.
m. Conditions for Franchisor's approval of transfer	Section 8.2	Paid up, not in default, release signed, transfer fee paid, transferee is approved, signs current Multi-Unit Development Agreement, etc. (See also r, below).
n. Our right of first refusal to acquire your business	Section 8.2(e)	Franchisor may match any bona fide offer for your area development rights.
o. Our option to purchase your business	Section 8.2(e)	Franchisor may match any bona fide offer for your area development rights.
p. Your death or disability	Not Applicable	
q. Non-competition covenants during the term of the franchise	Section 11	No involvement in competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	Section 11.2	No competing business for two years within 100 mile radius of the Development Territory or within 100 mile radius of any Big Air Trampoline Facility owned by a franchisee, Franchisor, our Affiliates or Multi-Unit Developer.
s. Modification of the Agreement	Section 12	Modifications only upon written agreement of the parties.

Provision	Section in Multi-Unit Development Agreement	Summary
t. Integration/merger clause	Section 12	Only the terms of the Multi-Unit Development Agreement are binding (subject to applicable state laws). Any representations or promises outside of this Disclosure Document and the Multi-Unit Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 21	Except for certain claims, all disputes will be arbitrated in Ladera Ranch, California
v. Choice of forum	Section 21	Arbitration must be in California, except as provided in a State Specific Addendum.
w. Choice of law	Section 18	California law applies, except as provided in a State Specific Addendum.

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

One of ~~our~~ our Affiliates, BigAir-LH, operates one businesses similar to the Big Air Trampoline Business you will operate. BigAir-LH was initially formed in the State of California on October 1, 2012 and has operated a Big Air Trampoline Business in Laguna Hills, California since March 2013. Another ~~Affiliate~~ Affiliate, BigAir-BP operates one business similar to the Big Air Trampoline Business you will operate. BigAir-BP was initially formed in the State of California on April 18, 2014, and has operated a Big Air Trampoline Business in Buena Park, California since April, 2015. Both BigAir-LH and BigAir-BP had Big Air Trampoline Businesses open during the entire ~~Reporting Period. We do not report any information for any of our franchised Big Air Trampoline Parks because none of these locations were open for the full~~ Reporting Period.

The table below summarizes the financial performance of the businesses operated by BigAir-LH ~~and~~ BigAir-BP, during the period between January 1, ~~2016~~ 2017 and December 31, ~~2016~~ 2017 (“**Reporting Period**”). Specifically, the figures in the table below ~~represent~~ represents Annual Gross Revenue, ~~Annual Expenses, and Annual Net Ordinary Income~~ experienced by our Affiliate operations in Laguna Hills, California and Buena Park, California during a 12-month operating period (“**Operating Period**”) within the Reporting Period. Your financial results are likely to differ from the figures presented. You should conduct an independent investigation of the

revenues you could generate in operating your franchised business. You should carefully review the attached explanatory notes. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

**TABLE 1**

**Affiliate Owned Locations - Financial Performance**

Reporting Period:  
January 1, ~~2016~~2017 - December 31, ~~2016~~2017

Category	Laguna Hills	Buena Park
Annual Gross Revenue	\$ <del>3,217,844</del> <u>2,917,101</u>	\$ <del>3,004,258</del> <u>3,125,841</u>
<del>Annual Expenses</del>	<del>\$2,367,934</del>	<del>\$2,534,178</del>
<del>Annual Net Ordinary Income</del>	<del>\$849,910</del>	<del>\$470,080</del>

Notes for Table 1:

(1) The revenue figures identified in the column entitled “**Annual Gross Revenue**” are based on the actual revenue earned from customers patronizing our affiliate-owned facilities in Laguna Hills, California and Buena Park, California. Your actual Annual Gross Revenue is likely to be different.

~~(2)~~(2) “**Gross Revenue**” is defined as the total of all receipts derived from services performed or products sold at each Big Air Affiliate’s business location, whether such receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange and does not include the following: (1) sales tax receipts collected by the Big Air Affiliate and paid to the government; (2) promotional or discount coupons to the extent that the Big Air Affiliate received no revenue; and (3) the receipt of services or products by any employee of the Big Air Affiliate to the extent of the discount offered to the employee or if those services or products were delivered free to the employee.

~~(3)~~ “**Annual Expenses**” are defined as the total of all business expenses related directly to the operation of each Big Air Affiliate’s business location in Laguna Hills, California and Buena Park, California, including but not limited to rent, payroll expenses for employees and staff, business insurance, and various other operating expenses. It does not include any management fees charged by either Big Air Affiliate’s parent, H2O, for services provided to Big Air Affiliate by H2O, non-cash depreciation expenses or income taxes paid by the Big Air Affiliate.

~~(4)~~ “**Net Ordinary Income**” is defined as the difference between Annual Gross Revenue and Annual Expenses.

(3) These revenue and expense numbers have not been audited.

~~(5)~~(4) The information provided above is based on the actual performance of the Big Air Affiliates in Laguna Hills, California and Buena Park, California, during the Reporting Period. The information is not based on any Big Air Trampoline Business franchised locations ~~because we did not have any franchised locations in operation during the full Reporting Period.~~ Because the representation relates to the

performance of the Affiliates, BigAir-LH and BigAir-BP, Big Air Trampoline Business franchised outlets will share some of the same characteristics, including, degree of competition, services or goods sold, and services supplied by us. However, the Big Air Affiliates are not subject to the Royalty Fee, National Marketing Fee and Promotions, or any other fees due to us under a Franchise Agreement.

~~(6)~~ (5) The Annual Gross Revenue information represents sales information for the Big Air Affiliates during the Reporting Period, and should not be considered the actual or probable annual sales revenue which will be achieved by any individual franchisee. A franchisee's annual sales revenues are likely to be substantially lower in its first year of business. Data from ~~the~~ either Big Air Affiliate is not an indication of how your Big Air Trampoline Business franchise will perform.

**TABLE 2**  
**Expense by Percentage of Annual Gross Revenue**

	Laguna Hills	Buena Park
Operations	9.6%	6%
Utilities	1.9%	2.5%
Marketing	3.2%	3.5%
Rent	15.3%	20.6%
Payroll	30%	33.9%

2017 Profit and Loss Statement  
Spartanburg, California

<u>Revenue:</u>		
<u>General Admission</u>	\$2,019,314	
<u>Events</u>	\$592,213	
<u>Big Eats</u>	\$350,149	
<u>Retail Sales</u>	\$88,964	
<u>Total Gross Revenue</u>		\$3,050,640
<u>Expenses:</u>		
<u>Operations</u>	\$777,414	
<u>Utilities</u>	\$52,942	
<u>Marketing</u>	\$166,737	
<u>Rent</u>	\$341,055	
<u>Payroll</u>	\$773,652	

<u>Retail Supplies</u>	<u>\$57,904</u>	
<u>Royalties</u>	<u>\$236,062</u>	
<u>Total Expenses</u>		<u>\$2,405,766</u>
<u>Gross Revenue</u>	<u>\$3,050,640</u>	
<u>Total Expenses</u>	<u>\$2,405,766</u>	
<u>Net Profit</u>		<u>\$644,874</u>

Notes for Table 2

~~—————The information reported in Table 2 is historical, based on cost experience of the Big Air Affiliate locations in Laguna Hills, California and Buena Park, California. This information may not be relied on as a projection of costs a new franchisee may experience. These are not the only costs associates with the business. There is no assurance your costs will be comparable to our Big Air Affiliate’s costs.~~

**TABLE 3**

2016 Profit and Loss Statement  
Laguna Hills, California

<b>Revenue:</b>		
<b>Gross Revenue</b>		<b>\$3,217,844</b>
<b>Expenses:</b>		
<b>Operations/Supplies/Food Service</b>	<b>\$310,010</b>	
<b>Payroll</b>	<b>\$978,375</b>	
<b>Marketing</b>	<b>\$104,470</b>	
<b>Utilities</b>	<b>\$65,727</b>	
<b>Rent</b>	<b>\$492,686</b>	
<b>Miscellaneous Operating Expenses</b>	<b>\$27,992</b>	
<b>General, Administrative and Interest</b>	<b>\$388,674</b>	
<b>Net Operating Income</b>		<b>\$849,910</b>

2016 Profit and Loss Statement  
Buena Park, California

<b>Revenue:</b>		
<b>Gross Revenue</b>		<b>\$3,004,258</b>
<b>Expenses:</b>		
<b>Operations/Supplies/Food Service</b>	<b>\$359,658</b>	
<b>Payroll</b>	<b>\$1,019,893</b>	
<b>Marketing</b>	<b>\$104,761</b>	

Utilities	\$76,261	
Rent	\$618,296	
Miscellaneous Operating Expenses	\$23,638	
General, Administrative and Interest	\$331,672	
Net Operating Income		\$470,079

Notes for Table 3:

(1) The information provided above is based on the actual performance of our Big Air ~~Affiliates' operations in Laguna Hills~~franchisee's operation in Spartanburg, California ~~and Buena Park, California~~ during the Reporting Period. ~~The information is not based on any Big Air franchised locations because we did not have any franchised locations.~~We have a second franchised location which was not in operation during for the full Reporting Period. Because the information in Table 3 relates to the performance of our Big Air Affiliates' locations, Big Air franchised outlets will share some of the same characteristics, including, degree of competition, services or goods sold, and services supplied by us. However, neither of the locations operated by Big Air LH or Big Air BP were subject to the Royalty Fee, National Marketing and Promotions Fee, or any other fees due to us under the terms of a Franchise Agreement.entire Reporting Period and therefore we did not have include that franchised location in this Item 19.

(2) These revenue and expense numbers have not been audited.

(3) The revenue and expense information represents sales and expense information for the Big Air ~~Affiliates~~franchisee during the Reporting Period, and should not be considered the actual or probable annual revenues or expenses which will be achieved by any individual franchisee. A franchisee's annual revenues are likely to be substantially lower and expenses are likely to be higher in its first year of business. Your accountant can help you develop your own estimated costs for your Big Air Franchise Business. Data from our Big Air Affiliate is not an indication of how your Big Air Trampoline Business franchise will perform.

General Notes:

1. We have written substantiation in our possession to support the information appearing in this ITEM 19. This substantiation will be made available by us to all prospective franchisees upon reasonable request. Franchisees or former franchisees listed in this disclosure document may also be a source of information.

2. Actual results may vary from franchise to franchise and depend on a variety of internal and external factors, many of which neither we nor any prospective franchisee can estimate, such as competition, economic climate, demographics, and changing consumer demands and tastes. A franchisee's ability to achieve any level of annual sales revenues from the sale of Big Air Trampoline Business products and services will depend on these factors and others, including the franchisee's level of expertise, none of which are within our control.

3. You must receive approval from us before selling any product or service other than our authorized services or products. Therefore, your income from miscellaneous sources may not be similar to those of the Big Air Affiliates disclosed above.

4. Allowances should also be made for legal, accounting, loan interest and other additional costs not reflected in this financial performance representation.

5. The information used to prepare the Tables above was prepared from the Profit and Loss Statement generated by our Affiliates' internal accounting systems and our franchised location's internal

auditing system. We do not know of an instance, nor do we have reason to believe that our ~~Affiliate~~Affiliates would overstate or understate the Big Air Affiliate's revenues or expenses for the Laguna Hills, California or Buena Park, California locations. However, these revenues and expense numbers have not been audited and we have not independently verified these numbers.

Other than the preceding financial performance representation, Big Air Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kevin Odekirk at 999 Corporate Drive #215, Ladera Ranch, CA 92694 at (844) 550-5867, the Federal Trade Commission, and the appropriate state regulatory agencies.

**A new franchisee's financial results are likely to differ from the results stated in the financial performance representation.**

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

System-wide Outlet Summary  
For Years ~~2014~~2015 - ~~2016~~2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change (+ or -)
Franchised	<del>2014</del> <u>2015</u>	0	0	0
	<del>2015</del> <u>2016</u>	0	<del>0</del> <u>1</u>	<del>0</del> <u>+1</u>
	<del>2016</del> <u>2017</u>	<del>0</del> <u>1</u>	<del>1</del> <u>2</u>	+1
Company-Owned*	<del>2014</del> <u>2015</u>	2	<del>2</del> <u>3</u>	<del>0</del> <u>+1</u>
	<del>2015</del> <u>2016</u>	<del>2</del> <u>3</u>	3	<del>+1</del> <u>0</u>
	<del>2016</del> <u>2017</u>	3	<del>3</del> <u>2</u>	<del>0</del> <u>-1</u>
Total Outlets	<del>2014</del> <u>2015</u>	2	<del>2</del> <u>3</u>	<del>0</del> <u>+1</u>
	<del>2015</del> <u>2016</u>	<del>2</del> <u>3</u>	<del>3</del> <u>4</u>	+1
	<del>2016</del> <u>2017</u>	<del>3</del> <u>4</u>	4	<del>+1</del> <u>0</u>

\*For purposes of this Table No. 1, we include the two Big Air Trampoline Facilities owned by our affiliates, BigAir Fun, LLC, [Big Air Buena Park, LLC](#), and Waterpark Venture, LLC as “Company-Owned” units.

Table No. 2

Transfers of Franchised Outlets  
For Years ~~2014~~2015 - ~~2016~~2017

State	Year	Number of Transfers
	<del>2014</del>	<del>0</del>
<del>South</del> <u>All</u> <del>Carolina</del> <u>States</u>	2015	0
	2016	0
	<del>2016</del> <u>2017</u>	<del>0</del> <u>0</u>
	<del>2016</del> <u>2017</u>	<del>0</del> <u>0</u>
TOTAL	<del>2014</del> <u>2015</u>	<del>0</del>
	<del>2015</del> <u>2016</u>	<del>0</del>
	<del>2016</del> <u>2017</u>	<del>0</del>

Table No. 3

Status of Franchised Outlets  
For Years ~~2014~~2015 - ~~2016~~2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operation – Other Reasons	Outlets at End of the Year
South Carolina	<del>2014</del> 2015	0	0	0	0	0	0	0
	<del>2015</del> 2016	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
	<del>2016</del> 2017	<del>0</del> 1	<del>1</del> 0	0	0	0	0	1
North Carolina	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
TOTAL	<del>2014</del> 2015	0	0	0	0	0	0	0
	<del>2015</del> 2016	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
	<del>2016</del> 2017	<del>0</del> 1	1	0	0	0	0	<del>1</del> 2

Table No. 4

Status of Company-Owned Outlets\*  
For Years ~~2014~~2015 - ~~2016~~2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	<del>2014</del> 2015	2	<del>0</del> 1	0	0	0	2
	<del>2015</del> 2016	<del>2</del> 3	<del>1</del> 0	0	0	0	3
	<del>2016</del> 2017	3	0	0	<del>0</del> 1	0	<del>3</del> 2
TOTAL	<del>2014</del> 2015	2	<del>0</del> 1	0	0	0	<del>2</del> 3
	<del>2015</del> 2016	<del>2</del> 3	<del>1</del> 0	0	0	0	3
	<del>2016</del> 2017	3	0	0	<del>0</del> 1	0	<del>3</del> 2

\* For purposes of this Table No. 4, we include the two Big Air Trampoline Facilities owned by our affiliates, Big Air Fun, LLC, [Big Air Bunena Park, LLC](#), and Waterpark Ventures, LLC, as a “Company-Owned” unit.

Table No. 5

Projected Openings As of December 31, ~~2016~~2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	<del>0</del>	1	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	<del>0</del>	<del>0</del>	0
North Dakota	0	0	0

Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
<b>TOTAL</b>	<b>20</b>	<b>2</b>	<b>0</b>

Our fiscal year ends December 31.

The names, addresses and telephone numbers of all current franchisees are listed in **Exhibit D**. Also listed in **Exhibit D** are the ~~name~~[names](#) and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement through December ~~2015~~[2017](#) or who has not communicated with us within 10 weeks of the date of this franchise disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this Disclosure Document, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. In the event that we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate Addendum to this franchise disclosure document.

[As of the date of this Disclosure Document, we did not have any area developers.](#)

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Big Air Trampoline franchise system. While we encourage you to speak with current and former franchisees, be aware that not all such franchisees will be able to communicate with you.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached to the Franchise Disclosure Document as **Exhibit A** is our audited financial statements for Big Air Franchising, LLC, for our fiscal ~~year~~years ending December 31, ~~2015 and 2015~~, December 31, ~~2016-2016~~, and December 31, 2017. As described in ITEM 1, we were formed on January 20, 2015 and began offering franchises in February 2015. Since we ~~have had~~ not been in operation for three years, ~~and as of December 31, 2017, we~~ therefore, are not able to provide audited financial statements for ~~a~~an entire three year period. Our fiscal year end is December 31.

**ITEM 22  
CONTRACTS**

Attached are the following agreements proposed for use in connection with our offering of franchises:

**Exhibit:**

- B. Franchise Agreement
- C. Multi-Unit Development Agreement
- F. State-Specific Addendum
- H. Non-Disclosure and Non-Competition Agreement

**ITEM 23  
RECEIPT**

THE LAST TWO PAGES OF THE FRANCHISE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) ARE RECEIPT PAGES ACKNOWLEDGING YOUR RECEIPT OF THE FRANCHISE DISCLOSURE DOCUMENT. ONE COPY IS FOR YOUR RECORDS, AND ONE COPY MUST BE SIGNED AND DATED BY YOU AND RETURNED TO US.

**EXHIBIT A**

**BIG AIR FRANCHISING, LLC**

**FINANCIAL STATEMENTS**

# UNAUDITED FINANCIALS

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.**

**PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM**

**Big Air Franchising, LLC**  
**Balance Sheet**  
As of March 31, 2018

Mar 31, 18

**ASSETS**

Current Assets

Checking/Savings

BigAir Franchising

6,886.00

Total Checking/Savings

6,886.00

Total Current Assets

6,886.00

**TOTAL ASSETS**

**6,886.00**

**LIABILITIES & EQUITY**

Owner's Equity

42,274.87

Net Income

-35,388.87

Total Equity

6,886.00

**TOTAL LIABILITIES & EQUITY**

**6,886.00**

**Big Air Franchising, LLC**  
**Profit & Loss**  
 January through March 2018

Jan - Mar 18

Ordinary Income/Expense	
Income	
BigAir Franchising Income	
Royalty Fees	69,769.38
Total BigAir Franchising Income	<u>69,769.38</u>
Total Income	<u>69,769.38</u>
Gross Profit	69,769.38
Expense	
Franchise Expenses	
Postage & Delivery	268.79
Payroll processing fee	343.85
Salaries & Personnel	
Workers Comp	356.58
Management	68,125.02
Payroll taxes	6,072.62
Total Salaries & Personnel	<u>74,554.22</u>
Web Domain Registration	15.17
Holiday Party	350.00
PPC/SEO	350.00
Rent	200.00
Email	135.56
Digital Board Service	180.00
Automation Platform	1,168.47
Commissions	8,500.00
Marketing	6,161.93
Travel	
Taxi/Shuttle	117.00
Airfare	504.10
Parking	56.00
Lodging	244.11
Total Travel	<u>921.21</u>
Legal	6,000.00
State Licensing	3,600.00
CRM	90.00
Meals & Entertainment	351.70
Conventions	941.66
Web Development	25.69
Total Franchise Expenses	<u>104,158.25</u>
Professional Fees	
Audit	1,000.00
Total Professional Fees	<u>1,000.00</u>
Total Expense	<u>105,158.25</u>
Net Ordinary Income	<u>-35,388.87</u>
Net Income	<u><u>-35,388.87</u></u>

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
BIG AIR FRANCHISING, LLC  
DECEMBER 31, 2017**

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DeLuca Accountancy Corporation



Certified Public Accountant

Independent Auditor's Report

To the Members  
Big Air Franchising, LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Big Air Franchising, LLC as of and for the year ended December 31, 2017, which comprise of the balance sheet, changes in members equity and cash flows for the year then ended.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Big Air Franchising, LLC as of December 31, 2017 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

*DeLuca Accountancy Corp*

March 21, 2018

**Big Air Franchising, LLC**  
**Balance Sheet**  
**December 31, 2017**

Assets	
Cash:	
Unrestricted	\$ 283
Royalties receivable	<u>27,088</u>
Total assets	<u>\$ 27,371</u>
Liabilities and Members Equity	
Liabilities	8,500
Member's Equity	<u>18,871</u>
Total liabilities and members' equity	<u>\$ 27,371</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2017**

Revenues:	
Franchise fees and royalties	\$ 373,528
Operating expenses:	
Legal	10,487
Marketing	33,320
Commissions	98,500
Administrative	<u>111,187</u>
Total operating expenses	<u>253,494</u>
Income before provision for income tax	120,034
Provision for income taxes	<u>928</u>
Net income	<u>\$ 119,106</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Changes in Members' Equity**  
**for the period January 1, 2017 to December 31, 2017**

	Number of units	Amount
Beginning balance, December 31, 2016	1,000,000	\$ 20,026
Distributions to member		( 120,261)
Net income for the period ended December 31, 2017	<u>                    </u>	<u>119,106</u>
Members' equity at December 31, 2017	<u>1,000,000</u>	<u>\$ 18,871</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Cash Flows**  
**for the period January 1, 2017 to December 31, 2017**

Cash flows from operating activities:	
Net income	\$ 119,106
Adjustments to reconcile net income (loss) to cash provided by operating activities:	
Change in payables	8,500
Changes in receivables	( 7,062)
	120,544
Cash flows from financing activities:	
Equity distributions to sole member	( 120,261)
Net decrease in cash and cash equivalents	283
Beginning cash and cash equivalents	<u>0</u>
Ending cash and cash equivalents	<u>\$ 283</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**1. Summary of Significant Accounting Policies**

**a. Organization**

Big Air Franchising, LLC is a California Limited Liability Company organized on January 20, 2015. The Managing Member and 100% owner is H2O Partners, LLC, a California limited liability company. The Company's primary business is to franchise family entertainment business opportunities.

**b. Estimates**

The preparation of the audited financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the audited financial statements and the reported amounts of revenues and expenses during the period.

**c. Cash and Cash Equivalents**

The Company defines cash and cash equivalents to be highly liquid investments with original maturities of three months or less, when acquired.

**d. Income Taxes**

No provision has or will be made for federal income taxes since taxes are the personal responsibility of the members. Annually, the members receive from the Company, IRS Form K-1's that provide them with their respective share of taxable income or losses, deductions, and other tax related information.

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Summary of Significant Accounting Policies (Continued)**

**e. Revenue Recognition**

The Company receives continuing royalty fees from operating franchisees over the life of the franchises. The estimated costs of providing the initial services to franchisees are accrued when the revenue is recognized. Continuing royalty fees are considered earned when they become due from the franchisees.

**f. Advertising**

The Company provides non-direct response advertising. These costs are expensed the first time the advertising takes place. Advertising expense for the year ended December 31, 2017 totaled \$33,320.

**g. Recent Accounting Pronouncements**

Management has reviewed and adopted applicable recent accounting pronouncements and revisions issued by the FASB, including its Emergency Issues Task Force, the American Institute of Certified Public Accountants, and the Security and Exchange Commission during the fiscal year ended 2017. Management believes the adoption of such pronouncements and revisions do not have a material impact on the Company's financial statements other than certain footnote disclosures which have been incorporated into these financial statements.

**h. Subsequent Events Disclosure**

Subsequent events have been evaluated through March 21, 2018, which is the date the financial statements were available to be issued.

**Bigair Fun, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**2. Advance due from Sole Member**

During 2015, the Company advanced its sole member H2O Partners, LLC \$15,941. This advance was repaid in 2016.

**3. Franchise Fee Revenue**

The Company has four franchises and is collecting royalties from all its franchisees. All fees and provisions of the franchise agreement are current.

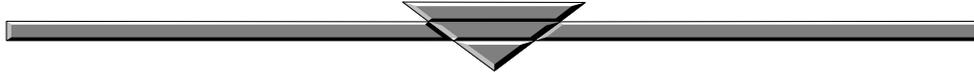
**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
BIG AIR FRANCHISING, LLC  
DECEMBER 31, 2016**

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DeLuca Accountancy Corporation



Certified Public Accountant

Independent Auditor's Report

To the Members  
Big Air Franchising, LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Big Air Franchising, LLC as of and for the year ended December 31, 2016, which comprise of the balance sheet, changes in members equity and cash flows for the year then ended.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Big Air Franchising, LLC as of December 31, 2016 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

*DeLuca Accountancy Corp*

March 22, 2017

**Big Air Franchising, LLC**  
**Balance Sheet**  
**December 31, 2016**

Assets		
Cash:		
Unrestricted	\$	0
Royalties receivable		<u>20,026</u>
Total assets	\$	<u>20,026</u>
Liabilities and Members Equity		
Liabilities		0
Member's Equity		<u>20,026</u>
Total liabilities and members' equity	\$	<u>20,026</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2016**

Revenues:		
Franchise fees and royalties	\$	37,750
Operating expenses:		
Legal		9,019
Marketing		64,035
Administrative		<u>148,098</u>
Total operating expenses		<u>221,152</u>
Loss before provision for income tax		( 183,402)
Provision for income taxes		<u>942</u>
Net loss		<u><u>\$ ( 184,344)</u></u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Changes in Members' Equity**  
**for the period January 1, 2016 to December 31, 2016**

	Number of units	Amount
Beginning balance, December 31, 2015	1,000,000	\$ 16,031
Contributions by member		188,339
Net loss for the period ended December 31, 2016	<u>                    </u>	<u>(184,344)</u>
Members' equity at December 31, 2016	<u>1,000,000</u>	\$ <u>20,026</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Cash Flows**  
**for the period January 1, 2016 to December 31, 2016**

Cash flows from operating activities:	
Net loss	\$ ( 184,344)
Adjustments to reconcile net income (loss) to cash provided by operating activities:	
Changes in receivables	( <u>4,085</u> )
	( 188,429)
Cash flows from financing activities:	
Equity contributions from sole member	<u>188,339</u>
Net decrease in cash and cash equivalents	( 90)
Beginning cash and cash equivalents	<u>90</u>
Ending cash and cash equivalents	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**1. Summary of Significant Accounting Policies**

**a. Organization**

Big Air Franchising, LLC is a California Limited Liability Company organized on January 20, 2015. The Managing Member and 100% owner is H2O Partners, LLC, a California limited liability company. The Company's primary business is to franchise family entertainment business opportunities.

**b. Estimates**

The preparation of the audited financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the audited financial statements and the reported amounts of revenues and expenses during the period.

**c. Cash and Cash Equivalents**

The Company defines cash and cash equivalents to be highly liquid investments with original maturities of three months or less, when acquired.

**d. Income Taxes**

No provision has or will be made for federal income taxes since taxes are the personal responsibility of the members. Annually, the members receive from the Company, IRS Form K-1's that provide them with their respective share of taxable income or losses, deductions, and other tax related information.

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**Summary of Significant Accounting Policies (Continued)**

**e. Revenue Recognition**

The Company receives continuing royalty fees from operating franchisees over the life of the franchises. The estimated costs of providing the initial services to franchisees are accrued when the revenue is recognized. Continuing royalty fees are considered earned when they become due from the franchisees.

**f. Advertising**

The Company provides non-direct response advertising. These costs are expensed the first time the advertising takes place. Advertising expense for the years ended December 31, 2016 totaled \$64,035.

**g. Recent Accounting Pronouncements**

Management has reviewed and adopted applicable recent accounting pronouncements and revisions issued by the FASB, including its Emergency Issues Task Force, the American Institute of Certified Public Accountants, and the Security and Exchange Commission during the fiscal year ended 2016. Management believes the adoption of such pronouncements and revisions do not have a material impact on the Company's financial statements other than certain footnote disclosures which have been incorporated into these financial statements.

**h. Subsequent Events Disclosure**

Subsequent events have been evaluated through March 22, 2017, which is the date the financial statements were available to be issued.

**Bigair Fun, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**2. Advance due from Sole Member**

During 2015, the Company advanced its sole member H2O Partners, LLC \$15,941. This advance was repaid in 2016.

**3. Franchise Fee Revenue**

During 2015, the Company sold one new franchise. During 2016, the Company received royalties from its franchisee. All fees and provisions of the franchise agreement are current.

**4. Capital Contributions**

During 2016, the sole member made capital contributions as needed for cash flow.

**5. Royalties Receivable**

At December 31, 2016, the Company was owed \$20,026 from the franchisee for December 2016 royalties based on the franchise agreement.

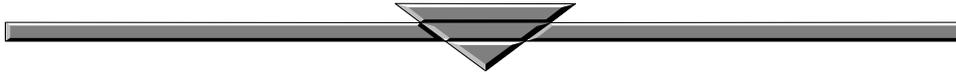
**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
BIG AIR FRANCHISING, LLC  
DECEMBER 31, 2015**

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DeLuca Accountancy Corporation



Certified Public Accountant

Independent Auditor's Report

To the Members  
Big Air Franchising, LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Big Air Franchising, LLC as of and for the year ended December 31, 2015, which comprise of the balance sheet, changes in members equity and cash flows for the year then ended.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Big Air Franchising, LLC as of December 31, 2015 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

*DeLuca Accountancy Corp*

April 26, 2016

**Big Air Franchising, LLC**  
**Balance Sheet**  
**December 31, 2015**

Assets	
Cash:	
Unrestricted	\$       90
Due from sole member	<u>      15,941</u>
Total assets	<u><u>      \$ 16,031</u></u>
Liabilities and Members Equity	
Liabilities	
	0
Member's Equity	<u>      16,031</u>
Total liabilities and members' equity	<u><u>      \$ 16,031</u></u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2015**

Revenues:		
Franchise fees		\$ 60,000
Operating expenses:		
Legal		22,856
Marketing		49,471
Administrative		<u>170,842</u>
	Total operating expenses	<u>243,169</u>
	Loss before provision for income tax	(183,169)
	Provision for income taxes	<u>800</u>
	Net (loss)	<u>\$ ( 183,969)</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Changes in Members' Equity**  
**for the period January 1, 2015 to December 31, 2015**

	Number of units	Amount
Beginning balance, January 20 2015	1,000,000	\$ 200,000
Distributions		
Net loss for the period ended December 31, 2015	_____	<u>(183,969)</u>
Members' equity at December 31, 2015	<u>1,000,000</u>	<u>\$ 16,031</u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Statement of Cash Flows**  
**for the period January 1, 2015 to December 31, 2015**

Cash flows from operating activities:	
Net loss	\$ ( 183,969)
Adjustments to reconcile net income (loss) to cash provided by operating activities:	
Changes in receivables	( <u>15,941</u> )
Cash flows from Investing activities	( 199,910)
Cash flows from Investing activities	0
Cash flows from financing activities	<u>0</u>
Net decrease in cash and cash equivalents	( 199,910)
Beginning cash and cash equivalents	<u>200,000</u>
Ending cash and cash equivalents	<u><u>\$ 90</u></u>

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**1. Summary of Significant Accounting Policies**

**a. Organization**

Big Air Franchising, LLC is a California Limited Liability Company organized on January 20, 2015. The Managing Member and 100% owner is H2O Partners, LLC, a California limited liability company. The Company's primary business is to franchise family entertainment business opportunities.

**b. Estimates**

The preparation of the audited financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the audited financial statements and the reported amounts of revenues and expenses during the period.

**c. Cash and Cash Equivalents**

The Company defines cash and cash equivalents to be highly liquid investments with original maturities of three months or less, when acquired.

**d. Income Taxes**

No provision has or will be made for federal income taxes since taxes are the personal responsibility of the members. Annually, the members receive from the Company, IRS Form K-1's that provide them with their respective share of taxable income or losses, deductions, and other tax related information.

The accompanying notes are an integral part of these financial statements.

**Big Air Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Summary of Significant Accounting Policies (Continued)**

**e. Revenue Recognition**

The Company receives continuing royalty fees from operating franchisees over the life of the franchises. The estimated costs of providing the initial services to franchisees are accrued when the revenue is recognized. Continuing royalty fees are considered earned when they become due from the franchisees.

**f. Advertising**

The Company provides non-direct response advertising. These costs are expensed the first time the advertising takes place. Advertising expense for the years ended December 31, 2015 totaled \$49,471.

**g. Recent Accounting Pronouncements**

Management has reviewed and adopted applicable recent accounting pronouncements and revisions issued by the FASB, including its Emergency Issues Task Force, the American Institute of Certified Public Accountants, and the Security and Exchange Commission during the fiscal year ended 2015. Management believes the adoption of such pronouncements and revisions do not have a material impact on the Company's financial statements other than certain footnote disclosures which have been incorporated into these financial statements.

**h. Subsequent Events Disclosure**

Subsequent events have been evaluated through April 26, 2016, which is the date the financial statements were available to be issued.

**Bigair Fun, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**2. Advance due from Sole Member**

During 2015, the Company advanced its sole member H2O Partners, LLC \$15,941

**3. Franchise Fee Revenue**

During 2015, the Company sold one new franchise.

# **EXHIBIT B**

## **BIG AIR FRANCHISING, LLC FRANCHISE AGREEMENT**



**BIG AIR FRANCHISING, LLC**

**EXHIBIT B**

**FRANCHISE AGREEMENT**

**Franchise #:** \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Territory:** \_\_\_\_\_

\_\_\_\_\_

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### ATTACHMENTS:

- A. Territory, Initial Franchise Fee, and Training Fee
- B. Guaranty and Assumption of Franchisee’s Obligations
- C. Statement of Ownership
- D. EFT Authorization
- E. Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
- F. Lease Addendum and Collateral Assignment of Lease

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between **BIG AIR FRANCHISING, LLC**, a California limited liability company, located at 999 Corporate Drive #215, Ladera Ranch, California 92694 (“**Franchisor**”) and \_\_\_\_\_, located at \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

**WHEREAS**, Franchisor has developed a comprehensive system for the operation of a business offering an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related Products (“**Big Air Trampoline Business**”).

**WHEREAS**, the Big Air Trampoline Businesses are operated under a business format per a unique system with high standards of service, including valuable know-how, information, Trade Secrets, Confidential Information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, and research and development (“**System**”).

**WHEREAS**, the distinguishing characteristics of the System include the trademark “BIG AIR TRAMPOLINE PARK and LOGO™” and other trademarks and trade names, confidential operating procedures, confidential Operations Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time. They are Franchisor's Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

**WHEREAS**, Franchisor continues to use, develop and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and which represent the System’s high standards of quality, service and customer satisfaction.

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Big Air Trampoline Business in conformity with the System.

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

**WHEREAS**, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the Marks, and wishes to be assisted, trained, and franchised to operate a Big Air Trampoline Business pursuant to the provisions and within the Territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

## **DEFINITIONS**

For the purposes of this Agreement, the following are hereby defined:

(a) **“Agreement”** - means this agreement, attachments, and all instruments in amendment hereof.

(b) **“Affiliate”** - means any person or entity that controls, is controlled by, or is in common control with, Franchisor or Franchisee.

(c) **“Big Air Trampoline Business”** - means the business operations conducted or to be conducted by Franchisee consisting of selling and providing an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related Products using Franchisor’s System and in association with the Marks.

(d) **“Big Air Trampoline Facility”** means the retail store front, commercial or industrial facility, or other approved location from which Franchisee sells Products and provides Services in connection with the Big Air Trampoline Business.

(e) **“Confidential Information”** - means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee’s Big Air Trampoline Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

(f) **“Construction Oversight Services”** – means all services provided by Franchisor relating to the review and approval of construction plans for the Big Air Trampoline Facility and prior to the date Franchisee is authorized to open the Big Air Trampoline Facility for business. The Construction Oversight Services are more fully defined in the Operations Manual and may be modified periodically by Franchisor in Franchisor’s sole discretion.

(g) **“Convention Fee”** means the fee Franchisee pays Franchisor to attend conferences, meetings, seminars and/or workshops.

(h) **“Franchisor’s System”** or **“System”** - means the standards, systems, concepts, identifications, methods, and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor’s Services and Products.

(i) **“Franchise”** - shall mean the business operations conducted or to be conducted using Franchisor’s System and in association therewith the Marks.

(j) **“Gross Revenues”** - means the total of all receipts derived from all sales of products and services at your Big Air Trampoline Business, including sales made away from your Big Air Trampoline Facility, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by or for you or your Big Air

Trampoline Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and
- (ii) all customer refunds, valid discounts and coupons, and credits made by the Big Air Trampoline Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Revenues shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Revenues consisting of property, Products or Services shall be valued at the retail prices applicable and in effect at the time that they are received.

(k) **“Lease”** - means any agreement (whether oral or written) under which the right to occupy a Big Air Trampoline Facility has been obtained, and any amendment made thereto from time to time, including without limitation, any offer to lease, license or lease agreement. Franchisee acknowledges and agrees that before any Lease will be accepted by Franchisor, the Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment F**.

(l) **“Marks”** - shall mean the trademarks “BIG AIR TRAMPOLINE PARK and LOGO™” to the extent of Franchisor's rights to same, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

(m) **“Operations Manual”** - means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the Big Air Trampoline Business or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time to time. The form and content of the Operations Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Operations Manual between Franchisor and Franchisee.

(n) **“Products”** - means all supplies, material, equipment, and ancillary items sold, leased, prepared or otherwise dealt with in connection with the Big Air Trampoline Business and associated with the Marks.

(o) **“Site Selection Assistance”** – means all services provided by Franchisor relating to the selection and authorization of Franchisee's Big Air Trampoline Facility. Franchisor's Site Selection Assistance is more fully defined in the Operations Manual, and Franchisor has the right to modify the site selection services offered by Franchisor periodically in Franchisor's discretion.

(p) “**Services**” - means the sale and provision of indoor trampoline recreation and party center services featuring trampolines, foam pits, rock climbing walls and other elements, conducted or otherwise dealt with in connection with the Big Air Trampoline Business and associated with the Marks.

(q) “**Trade Secret(s)**” shall mean information, including any formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## **1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE**

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

1.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Big Air Trampoline Business, Franchisor and this Agreement.

1.2 Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the Big Air Trampoline Business and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.4 There are no material financial obligations of Franchisee, whether actual or contingent, which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

1.5 Franchisee is not a party to nor subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

1.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

1.7 Franchisee represents that it is not a party to nor subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Term or any Successor Terms.

1.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee’s application for a Franchise.

1.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

(e) "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

## 2. GRANT OF LICENSE.

2.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the term of this Agreement, the right and license ("**License**") to:

(a) Operate one Big Air Trampoline Business upon the terms and conditions of this Agreement in one territory described in **Attachment A ("Territory")**;

(b) Use the Marks and the System; and

(c) Offer and market ONLY Franchisor's approved Services and Products, unless Franchisor approves in writing (such approval to be in Franchisor's sole and absolute discretion) Franchisee's request to offer and market complementary and non-competing services or products.

2.2 The License does not include the right to sell Products to any vendor who would in turn sell to consumers.

2.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and/or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 8.

2.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 4.1 below and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor's sole discretion.

### 3. TERM OF THE AGREEMENT AND LICENSE

3.1 This Agreement and the License granted shall become effective on the date this Agreement is executed by Franchisor and shall continue until midnight on the day before the tenth anniversary of the date the Big Air Trampoline Facility opened for business (“**Term**”), subject, however, to termination in accordance with the provisions of this Agreement. When the initial Term expires, Franchisee shall have the option at Franchisor’s sole and absolute discretion to extend Franchisee’s rights to operate the Big Air Trampoline Business for one additional term (“**Successor Term**”) of 10 years. Franchisee must pay the Successor Franchise Fee set forth in Section 3.4(b) and otherwise comply with the requirements set forth in this Section 3.

3.2 Franchisor may refuse to renew this Agreement and License if Franchisee has:

(a) Failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 17.1, 17.2 or 17.3; or

(b) Committed and received notice of two or more breaches of this Agreement in the 24 months prior to the end of the Term, even if such breaches were timely remedied; or

(c) Franchisee has failed to give Franchisor a written notice of intent to renew no less than six months or more than nine months prior to expiration of the Term; or

(d) Franchisee is not current in payment obligations to Franchisor or to Franchisee’s Lessor, suppliers, or trade creditors.

3.3 If Franchisee opts to extend its rights to operate the Big Air Trampoline Business at the end of the Term, and Franchisor consents to such extension, Franchisee shall execute a new Franchise Agreement (“**Successor Franchise Agreement**”) and all other agreements in the form then being used by Franchisor in granting new franchises. Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee at the time Franchisee extends its rights to operate the Big Air Trampoline Business (except as specified below). There shall not, however, be another Initial Franchise Fee charged at the time Franchisee signs the Successor Franchise Agreement. IN FRANCHISOR'S SOLE DESCRETION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND ITS RIGHTS TO OPERATE THE FRANCHISE (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN 30 DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.

3.4 As additional conditions to renewal, in Franchisor’s sole discretion, Franchisee may be required to:

(a) Execute a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. Franchisee's failure or refusal to sign such a release in the form presented by Franchisor shall be deemed to be a rejection by Franchisee of its option to extend its rights to operate the Big Air Trampoline Business;

(b) Pay the successor franchise fee ("**Successor Franchise Fee**") of 25% of the then-current Initial Franchise Fee, which is due and payable to Franchisor at the time of signing the renewal Franchise Agreement;

(c) Upgrade the computer system used in operations of the Big Air Trampoline Business to Franchisor's current standards;

(d) Comply with all other provisions contained in the Operations Manual, as modified periodically by Franchisor in Franchisor's sole discretion;

(g) Provide proof of current licenses, insurance and permits.

3.5 If Franchisee does not sign a new Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period 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 Interim Period.

#### 4. **TERRITORY**

4.1 During the Term and for so long as Franchisee is in compliance with all of its obligations hereunder, except as otherwise provided in this Agreement, and subject to Franchisor's reservation of rights as set forth in Section 4.2 and as provided in Section 4.4 **below**, neither Franchisor nor any Affiliate will establish or license another person or entity to establish a Big Air Trampoline Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries set forth in **Attachment A**, attached hereto and incorporated herein by reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates and does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the Big Air Trampoline Business.

4.2 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to use, franchise and/or license others to use, the Marks and System for the operation of Big Air Trampoline Businesses at any location other than in the Territory, regardless of proximity to the Territory;

(b) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the System and /or Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation,

television, catalog sales, wholesalers, retail outlets or other distribution outlets (other than Big Air Trampoline Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(c) to use, license and/or franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are similar to or different than the Big Air Trampoline Business;

(d) to use, license and/or franchise the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in 4.2(b), at any location including the Territory;

(e) to any websites utilizing a domain name incorporating one or more of the words “**Big**”, “**Air**”, “**Trampoline**”, and/or “**Park**” or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL’s, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor’s home page. Franchisee will provide Franchisor with content for Franchisor’s Internet marketing, and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to approve any linking or other use of its website;

(f) to acquire businesses that are the same as or similar to the Big Air Trampoline Business and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Big Air Trampoline Business regardless of where such businesses are located, including inside the Territory;

(g) to acquire and convert to the System any businesses offering services and products related to operating indoor recreation centers for children, families, teens and young adults including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory; and

(h) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell customers anywhere. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

4.3 Franchisee may be granted, at Franchisor’s sole discretion, express permission to market to and solicit customers in an unsold territory adjacent to Franchisee’s Territory (“**Adjacent Territory**”); provided that Franchisee agrees that when the Adjacent Territory is granted to another franchisee by Franchisor, Franchisee will, upon receipt of written notice from Franchisor, cease all its sales and service efforts within the Adjacent Territory and return all customer and prospect lists to Franchisor within 10 days of such notice. Franchisee shall pay the Royalty Fee, National and Promotions Fees, and Individual Advertising Expense for sales made to all customers coming from an Adjacent Territory.

4.4 Notwithstanding Franchisor's exclusive right to sell Products and Services on the Internet in accordance with Section 4.2(b), if Franchisor sells Products or Services that Franchisee is required to sell and provide pursuant to this Agreement using the Marks to a customer located

in Franchisee's Territory, Franchisor or its supplier or distributor, in Franchisor's sole discretion, may provide Franchisee with a credit against future Royalty Fees or National Marketing and Promotions Fees due to Franchisor in an amount to be determined by Franchisor, in its sole discretion.

4.5 Franchisor will use commercially reasonable efforts to grant only one license to a franchisee per ~~250,000~~200,000 people (or incremental portion thereof) residing in a designated geographical location (“**Population Limit**”). Franchisor will use the most recent population information available in the U.S. Census Data, or other population statistical sources of Franchisor's choosing to determine populations. Franchisor reserves the right to change, modify, or delete the Population Limit in its sole discretion. Franchisee acknowledges that in most cases, Franchisee’s Territory will not exceed a radius of 50 miles surrounding Franchisee’s Big Air Trampoline Facility. Franchisor reserves the right to establish the boundaries of the Territory using zip codes, geographical elements or a straight radius line in Franchisor’s sole discretion. Franchisee acknowledges that it has not and will not rely on this Section 4.5 for any purposes. Franchisee acknowledges and agrees that once the Territory has been established, it will not be changed regardless of any increase or decrease of the population in the Territory.

## **5. FEES.**

5.1 Franchisee shall pay the sum set forth on **Attachment A** plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring initial franchise fee (“**Initial Franchise Fee**”) to Franchisor upon the execution of this Agreement. The Initial Franchise Fee shall be paid by means of cashier’s check, money order or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor when paid. The Initial Franchise Fee is non-refundable once paid.

5.2 Franchisee shall pay the sum set forth on **Attachment A** plus, if due and payable, all applicable federal, state and municipal taxes as a non-recurring and non-refundable training fee (“**Training Fee**”) to Franchisor upon execution of this Agreement. The Training Fee shall be paid by means of cashier’s check, money order or wire transfer. The Training Fee entitles Franchisee to receive the initial training for Franchisee or its Designated Manager and two additional people. If Franchisee elects to have additional attendees, Franchisee will pay Franchisor its then current fee for each additional person to attend the initial training (“**Initial Training for Additional Person(s)**”)

5.3 Franchisee shall pay to Franchisor a royalty fee (“**Royalty Fee**”) equal to 6% of Gross Revenue for such month or partial month.

5.4 The Royalty Fee shall be payable to Franchisor on or before the 10<sup>th</sup> day of each month for the preceding calendar month and shall be payable through the entire Term of this Agreement; provided, however, that Franchisor reserves the right to require that Royalties be paid as often as weekly upon advanced written notice to Franchisee. Franchisee shall pay the Royalty Fee monthly or in such other frequency as Franchisor may in its sole discretion require upon written notice to Franchisee by Franchisor. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge due Franchisor or any Affiliate of Franchisor under this Agreement. Each Royalty Fee payment will be accompanied by a report as set forth in Section 5.4(a).

(a) Each Royalty Fee payment shall be, without exception, accompanied by a statement of the previous month’s Gross Revenues on a form approved and provided to Franchisee by Franchisor. **Each failure to include a fully completed statement of the**

**previous month's Gross Revenues with the Royalty Fees payable to Franchisor when due shall constitute a material breach of this Agreement.**

(b) Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer (“EFT”) or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise Agreement as **Attachment D**. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefore. If Franchisee has not timely reported the Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Revenues was provided to Franchisor as required hereunder; or (b) the amount due based on information retrieved from Franchisor approved computer system.

## **6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES**

6.1 Franchisee shall keep such complete records of its Big Air Trampoline Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

6.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Big Air Trampoline Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Big Air Trampoline Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues (to be prepared each month for the preceding month), profit and loss statements (to be prepared at least quarterly by an independent Certified Public Accountant), and balance sheets (to be prepared at least annually by an independent Certified Public Accountant).

6.3 Franchisee shall also submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the Big Air Trampoline Business. Franchisee shall submit Individual Advertising Expense statements to Franchisor once each quarter, in Franchisor's sole discretion, beginning July 1 of each year. On or before April 15 of each year, Franchisee shall provide Franchisor with a copy of its federal tax return for the previous tax year.

6.4 The records required under this Section 6 pertain only to Franchisee's operation of the Big Air Trampoline Business. Franchisor has no right to inspect, audit or copy the records of

any unrelated business activity Franchisee may have. Franchisee shall keep the books and records of the Big Air Trampoline Business separate from the records of any unrelated business activity or personal activity.

6.5 From the date Franchisee and Franchisor sign this Agreement until three years after the end of the Term of this Agreement, including any Successor Terms, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for seven years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, National Marketing and Promotions Fee (as defined in Section 11.4) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement. In addition, if Franchisee (1) fails to furnish required reports or supporting records on a timely basis for two or more consecutive reporting periods, (2) fails to have the books and records available for an audit after receiving reasonable, advanced notice from Franchisor, (3) otherwise fails to cooperate with Franchisor's requested audit, or (4) the deficiency for any audit period discloses a deficiency in the amount of any Royalty Fee, National Marketing and Promotions Fee or other amounts due by 2% or more, Franchisee will also immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. For the purposes of this Section 6.5, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Royalty Fees, National Marketing and Promotions Fees, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty Fees, and National Marketing and Promotions Fees next falling due.

6.6 If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Franchisor shall have the right to either require Franchisee to deliver to Franchisor an estimate, made by Franchisor, of Gross Revenues for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Royalty Fee, National Marketing and Promotions Fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon Franchisee.

6.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late interest charge equal to the lesser of (i) 1.5% per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty Fees, National Marketing and Promotions Fees, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 6.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Big Air Trampoline Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 6.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

6.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 6, shall be final and binding upon all of the parties hereto.

6.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Big Air Trampoline Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Big Air Trampoline Business as Franchisor may request.

6.10 Franchisee acknowledges and agrees that Franchisor owns all business records ("**Business Records**") with respect to customers and other service professionals of, and/or related to, the Big Air Trampoline Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

6.11 To encourage prompt delivery of all Business Records, Certificates of Insurance, Gross Revenue statements and any other documentation or record that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, a late report fee in the amount of \$250.00 per record or document requested if Franchisee fails to deliver such record or document when due.

6.12 If Franchisee pays the Royalty Fee or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that Royalty Fee payments and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to pay the Royalty Fee or any other sums due to Franchisor under this Agreement by the due date two times during the Term or any Successor Terms, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee pay the Royalty Fee or any other sums due to Franchisor under this Agreement weekly.

6.13 Franchisee agrees that, during the Term and for three years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home address and telephone number.

## **7. SERVICES AND ASSISTANCE**

7.1 The Initial Franchise Fee and Royalty Fee are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

7.2 Franchisor shall offer Franchisee initial and continuing services, as Franchisor deems necessary or advisable in furthering Franchisee's Big Air Trampoline Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3 Currently, initial services provided by Franchisor (or its designee) prior to Franchisee opening the Big Air Trampoline Business shall include:

(a) Designating Franchisee's Territory as stipulated in Section 4 and in **Attachment A**.

(b) Furnishing Franchisee with specifications and required supplier information for all initial and replacement equipment, tools, inventory, computer system and supplies

required for the operation of Franchisee's Big Air Trampoline Business as stipulated in Section 9.

(c) Furnishing Franchisee with Site Selection Assistance during the time Franchisee searches for a location for the Big Air Trampoline Facility.

(d) Authorizing in writing Franchisee's proposed Big Air Trampoline Facility in accordance with Section 7.4.

(e) Furnishing Franchisee with Construction Oversight Services during the construction of the Big Air Trampoline Facility.

(f) Approximately 90 days prior to the Projected Opening Date set forth on **Attachment A** or Franchisee's receipt of all required licenses, permits, and certifications, which ever comes later, provide Franchisee, or if Franchisee is an entity, a person designated to manage the Big Air Trampoline Business ("**Designated Business Manager**") and two additional person, without extra charge, with an initial training program. The initial training program shall be for seven calendar days in Laguna Hills, California (or other location designated by Franchisor). The training program may include a discussion of the System, techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, patron safety, instructions on quality standards and practical experience in the operation of a Big Air Trampoline Business. You must pay for airfare, lodging, meals, ground transportation, salaries and benefits and any other personal expenses for yourself and additional attendees which are incurred to attend training.

(g) Loaning Franchisee during the Term (including any Successor Terms) one copy of Franchisor's confidential Operations Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder. Specifications, standards and operating procedures prescribed from time to time by Franchisor in the Operations Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. Franchisee shall operate the Big Air Trampoline Business strictly in accordance with the Operations Manual. Failure to comply with the standards set forth in the Operations Manual shall constitute a material breach of this Agreement. Franchisor reserves the right to provide the Operations Manual and updates to the Operations Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to add to, delete, and otherwise modify, the Operations Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Big Air Trampoline Business; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Operations Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) Services; (vii) Products; (viii) Construction Oversight Services; and (ix) Site Selection Assistance.

(i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.7 of this Agreement. Franchisee shall keep its Operations Manual with replacement pages and insertions as instructed by Franchisor.

(ii) Franchisee hereby acknowledges that the Operations Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Operations Manual together with all copies of any portion of the Operations Manual which Franchisee may have made, to Franchisor. If Franchisee loses or destroys any printed Operations Manual, Franchisor may charge a Lost Operations Manual Fee in the amount of \$500.

(h) Providing Franchisee with a set of letterhead, business cards, and other start-up materials determined by Franchisor each at no charge. Additional copies of letterhead, business cards and other start-up materials after the initial inventory may be provided at Franchisee's expense.

(i) Franchisor will provide pre-opening and grand opening assistance for two to three people, for a minimum of seven calendar days during the first week of operations of Franchisee's Big Air Trampoline Business. If Franchisee desires additional opening or additional on-site assistance, Franchisor may charge Franchisee a reasonable fee for such services ("**Additional On-Site Assistance**"), and Franchisee shall reimburse Franchisor for the additional food, lodging, and transportation expenses incurred by Franchisor during the additional time period.

7.4 Franchisee is solely responsible for locating a site using the services from which to operate the Big Air Trampoline Facility and negotiating a Lease for the property. Franchisor may require Franchisee use its designated real estate services supplier. As part of the Site Selection Assistance, Franchisor or its designee will provide assistance to Franchisee in analyzing a location and in negotiating the business terms of a Lease. Franchisor (or its designee) will analyze a location by examining population density, census data, demographic and income characteristics, proximity of the proposed location to other Big Air Trampoline Businesses, or any other criteria as set forth in Section 8.3(b) or the Operations Manual. The Big Air Trampoline Facility site is subject to Franchisor's written authorization, which may be granted or denied in Franchisor's sole discretion. Franchisee agrees that the location of the Big Air Trampoline Facility is a factor in the potential success of the Big Air Trampoline Business and Franchisor may reject any location in its sole discretion. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's authorization of the Big Air Trampoline Facility site indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the approval date. Once Franchisee's Big Air Trampoline Facility is open for business, Franchisee may only relocate the Big Air Trampoline Facility by complying with Franchisor's relocation procedures as set forth in the Operations Manual.

7.5 Currently, the services provided by Franchisor (or its designee) to Franchisee after Franchisee opens the Big Air Trampoline Business are as follows:

(a) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(b) Franchisor may hold periodic meetings to discuss sales techniques, new Product and Service developments, bookkeeping, training, accounting, inventory control, Big Air Trampoline Facility safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay a Convention Fee, if any, and all its travel and living expenses to attend. These meetings are

held in Laguna Hills, California or at a location chosen by Franchisor in Franchisor's discretion and, except as set forth in Section 7.5(c), Franchisee's attendance is strongly encouraged but not required for these periodic meetings.

(c) Franchisor may also hold an annual conference to discuss sales techniques, new Services and Products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay the Convention Fee, if any, and all personal travel and living expenses and must attend these annual conferences which are held in Laguna Hills, California or at a location chosen by Franchisor.

(d) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the Big Air Trampoline Business.

(e) Researching new Products, Services, and methods of doing business, from time to time, and providing Franchisee with information concerning developments of this research. If Franchisee requests that Franchisor add a specific element or product to the System, Franchisor may charge a product research fee.

(f) Maintaining the National Marketing and Promotions Fund and using these funds to develop promotional and advertising programs and public relations coverage for Big Air Trampoline Businesses.

(g) Providing marketing plans and advertising materials to Franchisee in the form of an arts graphics package included in the Operations Manual and Franchisee Portal and as further stipulated in Section 11.

(h) A representative of Franchisor may, in its sole discretion, provide additional assistance. There may be additional charges for this additional assistance. If Franchisor provides additional assistance, Franchisor and Franchisee must agree in advance on the charges for the visit and the length of the visit.

(i) Establishing and managing one or more Local Advertising Cooperatives in accordance with Section 11, if any.

7.6 If Franchisee believes Franchisor has failed to adequately provide pre-opening services to Franchisee as provided in this Agreement in Sections 7.3 and 7.5, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Big Air Trampoline Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

7.7 Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisee acknowledges and agrees that Franchisor shall not be obligated to provide any other services or specific level or quality of services.

## **8. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS**

8.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Big Air Trampoline Business and use its best efforts to market and promote the required Services and Products.

8.2 Subject to the terms of this Agreement, Franchisee shall open the Big Air Trampoline Facility for business on or before the projected opening date (“**Projected Opening Date**”) set forth on **Attachment A**, but in no event more than 12 months from the effective date of this Agreement, unless Franchisee obtains Franchisor’s express written permission to extend the Projected Opening Date, which permission may be granted or denied in Franchisor’s sole discretion.

8.3 Franchisee shall complete the construction of Franchisee’s Big Air Trampoline Facility, and shall maintain the Big Air Trampoline Facility, in accordance with the following requirements:

(a) Franchisee shall, at Franchisee’s sole cost and expense, complete the interior build-out and install all equipment, furniture, fixtures, and security cameras as specified by Franchisor in the Operations Manual, and required by this Agreement.

(b) Franchisee may purchase or lease the required real property and improvements from any source upon terms approved by Franchisor in writing. Franchisee must obtain Franchisor’s approval regarding location of the Big Air Trampoline Facility within 180 days of the execution of this Agreement. If Franchisee does not obtain approval from Franchisor of the site, which may be withheld in Franchisor’s sole discretion, within 12 months after the effective date of the Franchise Agreement Franchisor may elect to terminate this Agreement in Franchisor’s sole discretion. Franchisee must deliver to Franchisor any traffic, competition and demographic or similar location information relating to any proposed site that Franchisor reasonably requests for review at least 20 days before any proposed Lease signing date. Franchisee must deliver to Franchisor, within 60 days of Franchisor approving the site, a copy of the proposed Lease, in a form acceptable to Franchisor, and such Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment F**. Notwithstanding anything herein to the contrary, Franchisor may, in its sole discretion, extend the time periods set forth in this Section 8.3(b).

(c) Subject to the terms of this Section, Franchisee must at all times comply with Franchisor’s standards, specifications, processes, procedures, requirements and instructions regarding the Big Air Trampoline Facility’s physical facilities, including the layout of the equipment, furnishings, fixtures, and activity, party, and waiting rooms. Franchisee must maintain the Big Air Trampoline Facility and any parking areas in good and safe condition, as specified in the Operations Manual. Franchisee must remodel or upgrade the Big Air Trampoline Facility and/or Computer System at its sole cost and expenses in accordance with Franchisor’s standards as set forth in the Operations Manual, which may be modified by Franchisor at any time in Franchisor’s discretion.

(d) Franchisee shall apply for all required operating permits and licenses within 120 days after Franchisee signs the Lease for the Big Air Trampoline Facility.

8.4 Subject to the terms of this Agreement, including Subsections 7.3(g)(i) and (ii), during the Term, Franchisee shall strictly comply with all present and future standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the Big Air Trampoline Business and must comply with the following requirements:

(a) Prior to opening the Big Air Trampoline Business, Franchisee or Franchisee's Designated Business Manager must attend and successfully complete all initial programs at least 60 days prior to Franchisee's scheduled opening date. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred by itself or the Designated Business Manager, and additional persons that participate in the initial training program.

(b) Franchisee or its Designated Business Manager must attend mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all salary and other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses. If Franchisee fails to attend an annual conference for any reason, Franchisor shall be entitled to use the accumulated Convention Fee paid by Franchisee for any purpose in Franchisor's sole discretion. The Convention Fee is non-refundable for any reason once paid.

(c) Subject to Section 8.7, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Big Air Trampoline Business at the time and in the manner required by Franchisor. Franchisor will provide at least 30 days prior written notice of any new required Service or Product introduced into the System. All equipment, facilities, vehicles, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Big Air Trampoline Business as reasonably required by Franchisor.

(d) No service or product, except approved Services or Products, may be offered for sale from the Big Air Trampoline Facility or in the Territory, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor's sole discretion).

(e) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor's standards and specifications shall be used at the Big Air Trampoline Business. Advertising and promotional materials, tools, services, equipment, inventory, products, signage, supplies and uniforms produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(f) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the Big Air Trampoline Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(g) The Big Air Trampoline Business and everything related to the Big Air Trampoline Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or required in connection with the Big Air Trampoline Business must be promptly made including, but not limited to, regular maintenance and replacement of trampolines and climbing equipment. All employees must be clean and neat in appearance and wear appropriate Big Air Trampoline attire at all times.

(h) No alterations of the Big Air Trampoline Business materially affecting the image of the Big Air Trampoline Business may be made except at Franchisor's request or

approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(i) The Big Air Trampoline Business and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules, regulations and other requirements applicable to the care and safety of children, including securing all necessary licenses and complying with all licensing requirements and regulations, if any. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations before operating its Big Air Trampoline Business. If Franchisee does not obtain all required permits and licenses and other certifications necessary to operate its Big Air Trampoline Business within nine months after Franchisee's execution of the Franchise Agreement, Franchisor may terminate this Franchise Agreement.

(j) The employees, equipment, tools, supplies, inventory, products, and other items on hand at the Big Air Trampoline Business, must be at all times sufficient to efficiently meet the anticipated volume of business and to ensure the safety and security of Franchisee's patrons.

(k) Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as Franchisor may establish from time to time in the Operations Manual or otherwise in writing. Franchisee shall conduct background checks on all employees as required by the terms of the Operations Manual. Franchisee shall be solely responsible for all employment decisions and functions of the Big Air Trampoline Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, record keeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects.

(l) All debts and taxes arising in connection with the Big Air Trampoline Business, except those duly contested in a bona fide dispute, must be paid when due.

(m) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes.

(n) Franchisee will operate the Big Air Trampoline Business a minimum of six days a week, except that Franchisee may be closed on Thanksgiving Day, Christmas Day, New Year's Day, any other legal holiday authorized by Franchisor in the Operations Manual or in writing, in Franchisor's discretion, or any day that Franchisee is authorized to close by Franchisor in writing, in Franchisor's discretion.

(o) Franchisee shall, at Franchisor's request, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable customers to purchase the Products and Services offered by the Big Air Trampoline Business. Franchisee shall acquire, at its expense, all necessary hardware and software used in connection with these non-cash systems.

(p) Franchisee shall comply with all terms and pay all fees that may be due under a software license agreement including a licensing fee (“**POS Licensing Fee**”) of ~~\$200.00~~450 per month and a technology support fee (“**Technology Support Fee**”) of \$300 per month, or such other amount as Franchisor determines in Franchisor’s sole discretion, for any software Franchisee is required to use in the operation of its Big Air Trampoline Business as prescribed by Franchisor. The POS Licensing Fee and Technology Support Fee may be payable to one or more software vendors or to Franchisor, in Franchisor’s discretion, and payment will be on such terms and at such times as determined by Franchisor in Franchisor’s sole discretion.

(q) Franchisee shall promptly pay to Franchisor any 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 receipts taxes, taxes on Royalties, or any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing or products, intangible property (including trademarks or trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

(r) 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; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Big Air Trampoline Facility, or any improvements thereon.

(s) Franchisee shall comply with the advertising requirements set out in Section 11.

(t) Franchisee will not use any materials that are false or misleading.

(u) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conforms to all applicable laws and regulations.

(v) Franchisee will have the Big Air Trampoline Facility inspected for safety compliance (“**Safety Inspection**”) no less than on an annual basis.

(w) Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations and children’s privacy and safety laws. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

8.5 In prescribing standards, specifications, processes, procedures, requirements or instructions under Section 8.4 or any other provision of this Agreement, Franchisor will provide guidance to Franchisee, as required in Franchisor's sole discretion, in determining the prices to be charged by Franchisee for Services or Products. Franchisor shall not have control over the day-to-day managerial operations of the Big Air Trampoline Business, and Franchisee shall be free to establish its own prices; provided, however, Franchisor shall have the right to set maximum resale prices as part of any national or regional promotion or multi-area marketing plan.

8.6 Franchisor and Franchisor's representatives will have the right during business hours to inspect the Big Air Trampoline Business and all other facilities used for providing Services and selling approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Big Air Trampoline Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may video tape or take photographs of Franchisee's safety training, maintenance procedures and techniques as it relates to the Big Air Trampoline Business. Franchisor and Franchisor's representatives will have the right to have any of Franchisor's required Services rendered by any employee at the Big Air Trampoline Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 8.6; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Big Air Trampoline Business.

8.7 Franchisee will not be required to offer or sell new Services or Products as set out in Section 8.4(c) if Franchisee demonstrates to Franchisor's reasonable satisfaction that:

(a) A substantial capital improvement not contemplated by this Agreement or in the Operations Manual is required, thereby resulting in a material hardship to Franchisee; or

(b) A material reduction in sales or profitability would result therefrom. For the purposes of this Subsection 8.7(b), a 40% decrease in sales from the average sales in the prior 12 months would be considered a material reduction in sales, and a 30% reduction in profitability from the average profitability during the previous 12 months would be considered a material reduction in profitability.

8.8 Franchisor may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all franchisees.

8.9 If Franchisee is an individual, Franchisee must directly supervise the Big Air Trampoline Business. If Franchisee is a corporation or other business entity, or if Franchisee has, in Franchisor's sole judgment, insufficient experience in a business similar to the franchise or experience in business management in general, then Franchisee shall nominate a Designated Business Manager having the required experience who shall have direct responsibility for all operations of the Big Air Trampoline Business. Any change in the Designated Business Manager will be subject to Franchisor's approval, in Franchisor's sole discretion.

8.10 Franchisee shall become a member of such trade associations or other organizations which, in the reasonable opinion of Franchisor, are useful in the operation of the Big Air Trampoline Business. Franchisee shall have the option to become a member of all benefit programs which are offered from time to time by Franchisor to all of its franchisees. The costs of participating in such trade associations, organizations, and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees). Nothing in this Section 8.10 limits Franchisee's freedom to join any franchise or franchisees association of its choosing.

8.11 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the Big Air Trampoline Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have 90 days to complete such training at a local computer training school at Franchisee's sole cost and expense.

Franchisor reserves the right to designate the computer training school which Franchisee must attend. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

8.12 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, Lessors, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

8.13 Franchisee shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Operations Manual and as modified periodically by Franchisor in Franchisor's sole discretion. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system, when available, as the exclusive means for tracking and maintaining customer, vendor, and related information, and for such other uses as prescribed by Franchisor periodically in the Operations Manual, in Franchisor's sole discretion. Monthly sales and royalty reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalty Fees and National Marketing and Promotions Fees.

8.14 Franchisee shall at all times maintain an active email account and shall check the account at least once each day. If available, Franchisee shall maintain an email account on Franchisor's proprietary database management and intranet system.

8.15 Franchisee may not open its Big Air Trampoline Business until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the initial training program has been completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 12, or other documentation of insurance coverage and payment of premiums that Franchisor may request, in Franchisor's discretion; (5) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for Franchisee's Big Air Trampoline Facility negotiated in accordance with the terms of Section 8.3(b), and (8) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor ("**Computer System**"). Franchisee shall begin operating the Big Air Trampoline Business immediately after Franchisor determines that the Big Air Trampoline Business is ready for opening.

## 9. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

9.1 Franchisee must purchase all Products, services, equipment, tools, inventory, supplies and hardware and software from Franchisor's designated or approved suppliers, manufacturers and distributors. The standards and specifications for equipment, Computer System, inventory, tools, signage, supplies, Big Air Trampoline Facilities, Services and Products required by Franchisor shall be maintained in the Operations Manual. Franchisor has the right to require Franchisee to discontinue purchasing any Products, services, equipment, tools, inventory, supplies and/or Computer System from a designated or approved supplier, manufacturer or distributor and may designate or approve new suppliers, manufacturers or distributors at any time in Franchisor's sole discretion.

9.2 Franchisee acknowledges and agrees that Franchisor may receive from designated or approved suppliers of Franchisee's Products, services, equipment, tools, inventory, supplies and hardware and software, periodic volume rebates or other revenue or consideration as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Franchisor shall be entitled to keep for its own use and account such rebates and revenue.

9.3 The names and addresses of Franchisor's required or approved suppliers, manufacturers and distributors shall be maintained in the Operations Manual. Franchisor reserves the right to approve all of the Products, supplies, Services, equipment, tools, inventory, hardware and software used in connection with Franchisee's Big Air Trampoline Business.

9.4 Franchisee may request that Franchisor approve or designate a new supplier by following the procedures, and paying all required fees and expenses for approval, as set forth in the Operations Manual and modified periodically by Franchisor in Franchisor's discretion. Franchisor will not unreasonably withhold the approval of a supplier; however, in order to make such determination, Franchisor may require that samples from a proposed new supplier be delivered to Franchisor for testing and approval prior to use. Franchisor reserves the right to require that Franchisee pay or reimburse Franchisor for the reasonable cost of investigation in determining whether such products, services, materials, forms, items or supplies satisfy Franchisor's specifications.

## 10. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS.

10.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner or exclusive licensee of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Big Air Trampoline Business, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the Big Air Trampoline Business ("**Copyrighted Materials**") are the property of Franchisor. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and are the property of Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights

in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 10.1(b).

(c) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or Franchisor's ownership of the Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of the Marks or Copyrighted Materials, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor may decide, in its sole and absolute discretion, to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

**(g) FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

10.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Big Air Trampoline Business and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Operations Manual and elsewhere from time to time during

the Term and any Successor Term. Franchisee will make every effort consistent to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Big Air Trampoline Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Big Air Trampoline Business and operating procedures pursuant to Section 8.6.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, stationery, and promotional items such as clothing, hats, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Operations Manual and otherwise given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

© (year of first publication). BIG AIR FRANCHISING, LLC. All Rights Reserved.

(h) Franchisee will use the Marks with a superscript "®" or "™", as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

10.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Big Air Trampoline Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials. Franchisor shall reimburse Franchisee for the tangible out-of-pocket cost of compliance with this requirement (such

as the cost of printing new letterhead and business cards), but Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Marks or Copyrighted Materials.

(b) Franchisee shall notify Franchisor within three days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor. Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

10.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

10.5 If Franchisee, during the Term of the franchise relationship, or any Interim Period or Successor Term, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the Big Air Trampoline Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Big Air Trampoline Business or any advertising and promotional ideas or inventions related to the Big Air Trampoline Business (collectively, the "**Improvements**") Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor, at its discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

## **11. ADVERTISING AND PROMOTION**

11.1 Franchisee acknowledges that local advertising is required to advise the public of the Big Air Trampoline Business. For the first 30 days prior to Franchisee's Projected Opening Date ("**Start-Up Advertising and Promotions Period**") and continuing through the first 60 days

after Franchisee opens Franchisee's Big Air Trampoline Business, Franchisee will spend a total of Sixty Thousand Dollars (\$60,000.00) on promotional advertising, marketing, and public relations efforts within the Territory ("**Start-Up Advertising and Promotions Expense**"). Of the Start-Up Advertising and Promotions Expense, at least Ten Thousand Dollars (\$10,000) will be spent on promotional advertising, marketing and public relations efforts within the Territory on Franchisee's grand opening. Upon the expiration of the Start-Up Advertising and Promotions Period, and during the remaining Term, Franchisee shall spend a minimum of the greater of 2% of the Gross Revenues for the preceding month or \$5,000 per month ("**Individual Advertising Expense**") for advertising and promotion within the Territory. Franchisee may not advertise outside its Territory without Franchisor's approval, which may be granted or withheld in Franchisor's sole discretion. Franchisee will receive dollar-for-dollar credit up to 2% of Gross Revenues for the preceding month against this obligation for all contributions that Franchisee makes to a Local Advertising Cooperative in accordance with Section 11.10. Expenditures that Franchisee incurs for any of the following shall not qualify as local advertising for purposes of this Section 11.1, unless approved in advance by Franchisor: (a) salaries, expenses or benefits of any employees of Franchisee, including expense for attendance at advertising meetings or activities; (b) in-store materials consisting of furniture or equipment; or (c) seminar and educational costs and expenses of Franchisee's employees. Franchisee shall also be responsible for paying its pro rata share of a classified directory listing and/or Yellow Pages advertisement to be placed by Franchisor, or at Franchisor's option, Franchisee or the Local Advertising Cooperative, on behalf of all Big Air Trampoline Facilities in the market. If Franchisee operates the only Big Air Trampoline Facility in the market, Franchisee shall be responsible for full payment of the classified directory advertising. Franchisee shall be entitled to apply any payment made for classified directory advertising toward Franchisee's Individual Advertising Expense obligation.

11.2 During the Term, Franchisee shall furnish Franchisor an accounting of Franchisee's previous month's expenditures for advertising and promotion on a form approved by Franchisor.

11.3 Franchisor will make available to Franchisee all advertising and promotion materials for the Big Air Trampoline Business which are used by Franchisor and other franchisees. Franchisee may not develop advertising materials for use in the Big Air Trampoline Business without Franchisor's approval. If Franchisor approves the advertising materials prepared by Franchisee in writing, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

11.4 Franchisor, in its sole discretion, may elect to form a national marketing and promotions fund ("**National Marketing and Promotions Fund**"). On or before the 10<sup>th</sup> day of each month, Franchisee shall remit 2% of the Gross Revenues for the preceding month or portion thereof to Franchisor ("**National Marketing and Promotions Fee**"). Franchisor may, in its sole discretion increase the National Marketing and Promotions Fee up to 3% of the Gross Revenues for the preceding month or portion thereof upon 30 days advance notice. No action taken by Franchisee shall diminish Franchisee's obligations to pay the National Marketing and Promotions Fee to the National Marketing and Promotions Fund. The National Marketing and Promotions Fee is in addition to Franchisee's obligations in Section 11.1.

11.5 Advertising materials and services will be provided to Franchisee through the National Marketing and Promotions Fund. Franchisor may occasionally provide for placement of advertising, development of promotional materials, and undertaking public relations activities on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not

include Franchisee, through the National Marketing and Promotions Fund. Franchisor reserves the right to use the National Marketing and Promotions Fee from the National Marketing and Promotions Fund to place advertising in national media or regional media (including broadcast, print or other media) in the future. Franchisee acknowledges that the National Marketing and Promotions Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend National Marketing and Promotions Funds on Franchisee's behalf or benefit or expend National Marketing and Promotions Funds equivalent or proportionate to Franchisee's National Marketing and Promotions Fees on Franchisee's behalf or benefit.

11.6 National or regional advertising, public relations, and promotions will be started and continued by Franchisor, when, in Franchisor's sole discretion, Franchisor deems that it has accumulated sufficient moneys for that purpose. The National Marketing and Promotions Fund will be used to promote the System, Services and Products sold by Franchisees and will not be used for the purpose of selling additional franchises; provided, however, that Franchisee acknowledges and agrees that Franchisor may undertake certain activities using funds from the National Marketing and Promotions Fund that have the effect of increasing the visibility of, and interest in, the Big Air Trampoline System by prospective franchisees. Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the National Marketing and Promotions Fund. The National Marketing and Promotions Fund will collect National Marketing and Promotions Fees from all franchisees and Franchisor's Affiliate-owned stores. All payments to the National Marketing and Promotions Fund must be spent on advertising, public relations, market research, trade show attendance, promotion, point-of-sale materials, point-of-sale systems, marketing of goods and services provided by Franchisor and outside vendors, including but not limited to marketing agencies, and administration of the National Marketing and Promotions Fund, including but not limited to, salaries, overhead, administrative, accounting, collection and legal costs and expenses. The National Marketing and Promotions Funds will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the National Marketing and Promotions Fund, at the expense of the National Marketing and Promotions Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

11.7 The National Marketing and Promotions Fees collected by the National Marketing and Promotions Fund are non-refundable. The National Marketing and Promotions Fund may be terminated at any time by Franchisor, in its sole discretion. In the event that the National Marketing and Promotions Fund is terminated, any remaining balance in the National Marketing and Promotions Fund will be expended as provided for in Section 11.6 or returned to Franchisee on a pro-rata basis.

11.8 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Individual Advertising Expense.

11.9 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the National Marketing and Promotions Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the National Marketing and Promotions Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the National Marketing and Promotions Fund and all related matters are governed solely by this Agreement and neither this Agreement or the National Marketing and Promotions Fund creates a trust, fiduciary relationship, or similar arrangement.

11.10 At the time the designated marketing area (“**DMA**”) in which the Big Air Trampoline Facility is located encompasses Big Air Trampoline Facilities operated by at least two other franchisees or Big Air Trampoline Facility operators (including Franchisor’s parent or Affiliates), the owners in the DMA will, at Franchisor’s request and with Franchisor’s advice and assistance, form a cooperative advertising association among themselves (“**Local Advertising Cooperative**” or “**Cooperative**”) for the purpose of jointly advertising and promoting their Big Air Trampoline Facilities. Franchisor shall have control of all Cooperative Funds and expenditures of such funds shall require Franchisor’s advanced approval.

(a) If, in connection with a Cooperative’s formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, “spill” policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Franchisor for resolution. Franchisor’s decision with respect to the issue’s resolution will be binding on all members of the Cooperative. In addition, Franchisor reserves the right to review each Cooperative’s contribution rate on an annual basis and to disapprove a rate of less than 1% of Gross Revenues or a rate in excess of 2% of Gross Revenues. Franchisee’s contributions to a Cooperative will be credited to Franchisee’s Individual Advertising Expense requirements set out in Section 11.1 up to a maximum of 2% of Gross Revenues.

(b) Franchisee agrees (i) to join, participate in, and actively support any Cooperative established in the Big Air Trampoline Facility’s DMA, and (ii) to make contributions to each Cooperative on the payment schedule adopted by the Cooperative’s members and at the contribution rate Franchisor approves.

(c) Franchisor reserves the right to seek reimbursement from the Cooperative for reasonable administrative costs, salaries and overhead as Franchisor may incur in activities related to the implementation and administration of the Cooperative and related marketing programs.

(d) Franchisor shall have the sole right, in its discretion, to form, change, dissolve or merge any Cooperative.

11.11 Franchisor may establish and maintain an Internet website that provides information about the Big Air Trampoline System and the Products and Services that Big Air Trampoline Facilities offer. Franchisor will have sole discretion and control over the website’s design and contents. Franchisor may use part of the marketing fees it collects under Section 11.4 and part of the Marketing and Promotions Fund’s revenues to pay or reimburse itself for the costs of maintaining and updating the website, except that Franchisor may not use marketing fees or Marketing and Promotions Fund Contributions to pay for those components of the website that are devoted to the sale of franchises for Big Air Trampoline Businesses.

(a) The website may include a section that provides the address, telephone number and e-mail address of each Big Air Trampoline Facility in the Big Air Trampoline chain, including Franchisee's Big Air Trampoline Facility.

(b) Franchisee will not have any independent right to advertise its Big Air Trampoline Facility on the Internet.

## 12. INSURANCE AND INDEMNITY

12.1 Franchisee shall, upon commencement of the Term, purchase and at all times maintain in full force and effect:

(a) Insurance policies, in such amounts and on such terms, as prescribed by the Operations Manual, issued by an insurance company acceptable to Franchisor at all times during the Term of this Agreement and any Successor Terms. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Operations Manual and adjusted by Franchisor periodically in Franchisor's sole discretion, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the Big Air Trampoline Business. Insurance policies must insure Franchisee, Franchisor, Franchisor's Affiliates, and Franchisor's and Franchisor Affiliates' respective officers, directors, shareholders, managers, members and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance or operation by Franchisee of the Big Air Trampoline Business. The policies must also stipulate that Franchisor shall receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance (collectively, "**Certificates of Insurance**") acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, shall be furnished to Franchisor together with proof of payment within 10 days of issuance thereof. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 17 of this Agreement.

Franchisee shall also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements or the types of coverage required at any time in its sole discretion by updating the Operations Manual.

(b) All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its shareholders, members, directors, managers, employees or agents.

(c) All liability insurance policies procured and maintained by Franchisee in connection with the Big Air Trampoline Business will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor's Affiliates and their respective officers, directors, managers, members, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

(d) Franchisee must purchase insurance policies set out in this Section 12.1 from Franchisor's designated supplier if required by Franchisor in the Operations Manual.

12.2 Franchisee shall, during the Term and any Successor Terms and after the termination or expiration of this Agreement, indemnify and defend Franchisor, its Affiliates and their respective officers, directors, managers, members, and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "**Damages**") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy any Big Air Trampoline Facility or any other premises used by Franchisee to operate the Big Air Trampoline Business is held, by Franchisee;

(b) any injury to, or loss of property of, any person in, or on, the Big Air Trampoline Facility or any other premises used by Franchisee to operate the Big Air Trampoline Business;

(c) Franchisee's taxes, liabilities, costs or expenses of its Big Air Trampoline Business;

(d) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;

(e) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the operation of the Big Air Trampoline Business; and

(f) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf unless such material has been produced, or approved in writing, by Franchisor.

### **13. RELATIONSHIP**

13.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or supervision given by, or

assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Big Air Trampoline Business being conducted from the Big Air Trampoline Business location. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

13.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Big Air Trampoline Business, whether caused by Franchisee's negligent or willful action or failure to act.

13.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Revenues, income, property or other tax levied upon Franchisee, Franchisee's property, the Big Air Trampoline Business or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

#### **14. RESTRICTIVE COVENANTS**

14.1 Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Big Air Trampoline Business, the System, and the concepts and methods of promoting the Big Air Trampoline Business hereunder, that it has now or obtains in the future, is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Term and any Successor Terms, Franchisee, and Franchisees' owners, Designated Business Managers, officers, directors, managers, members, partners, and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies

of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, Designated Business Managers, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure and noncompetition agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure and noncompetition agreements.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of two years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 14.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring written nondisclosure and noncompetition agreements for those individuals as Franchisor may require and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure and noncompetition agreements.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

14.2 Franchisee covenants and agrees that:

(A) During the Term of this Agreement and any Successor Terms thereof, Franchisee, its owners, Designated Business Managers, officers, directors, managers, members, and partners shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with any business operating indoor trampoline recreation and party centers featuring trampolines, foam pits,

rock climbing walls and other elements and the sale of related Products, or any business similar to the Big Air Trampoline Business (“**Competitive Business**”) as carried on from time to time during the Term of this Agreement, including any Successor Term.

(b) Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, the Designated Business Manager nor Franchisee’s owners, officers, directors, managers, members, or partners will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two years, in any Competitive Business in: (1) the Territory or any other franchisee’s territory; (2) within 100 miles of the Territory or any other franchisee’s territory; or (3) within 100 miles of any Franchisor or Affiliate-owned Big Air Trampoline Business.

14.3 During the Term (including any Successor Term) of this Agreement and for a period of two years thereafter, Franchisee, Franchisee’s owners, officers, directors, managers, members, partners, and the Designated Business Manager shall not attempt to attain an unfair advantage over other franchisees or Franchisor or any Affiliates thereof by soliciting for employment any person who is, at the time of such solicitation, employed by Franchisor, other franchisees or any Affiliates, nor shall Franchisee, Franchisee’s owners, officers, directors, managers, members, partners, nor the Designated Business Manager, directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

14.4 If any person restricted by this Section 14 refuses to voluntarily comply with the foregoing obligations, the two-year period will commence with the entry of any order of a court or arbitrator enforcing this Section 14.

14.5 The parties have attempted in Section 14.2 above to limit Franchisee’s right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 14.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 14.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee’s consent, at any time or times, effective immediately upon notice to Franchisee. Franchisee EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

14.6 Nothing in this Section 14 shall prevent any active officer of Franchisee or member of Franchisee’s family, either individually or collectively, from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee or any member of Franchisee’s family is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

14.7 Franchisor must be protected against the potential for unfair competition by Franchisee’s use of Franchisor’s training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee’s agreement to strictly comply with the provisions of this Section 14. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor’s Trade Secrets and Confidential Information and therefore be in a unique position

to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 14 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

14.8 In the event that Franchisee is not an individual, this Section 14 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee.

## **15. ASSIGNMENT**

15.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its sole discretion and at any time, to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

15.2 Franchisor reserves the right to assign the franchise System to anyone, including the operator of a competing national or regional chain or franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other business entities or be acquired by another business entity; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, do so free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

15.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

15.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Big Air Trampoline Business, and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the Big Air Trampoline Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor, which approval will not be unreasonably withheld or delayed, and compliance with all terms of this Section 15. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

15.5 With and after each valid assignment of this Agreement pursuant to this Section 15, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any

partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

15.6 If Franchisee shall at anytime determine to sell, in whole or in part, the Big Air Trampoline Business, Franchisee shall obtain a bona fide, executed, written offer (“**Purchase Offer**”) for the Big Air Trampoline Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Big Air Trampoline Business from a responsible, arms’ length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the Big Air Trampoline Business as provided in Section 16.

15.7 No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor and any Affiliates or suppliers of Franchisor;

(b) the transferee executing Franchisor’s then-current form of franchise agreement (which, in Franchisor’s sole discretion, may have terms equal to the remainder of Franchisee’s initial Term, or may include a new full length Term, and which may otherwise contain provisions substantially different from those contained herein, including a higher royalty and greater required expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises, but which shall not require the payment of another Initial Franchise Fee), all other documents as may be reasonably requested by Franchisor and paying to Franchisor a transfer fee (“**Transfer Fee**”) in the amount of Ten Thousand Dollars (\$10,000.00);

(c) Franchisee’s execution of a general release of Franchisor, including its officers, directors, members, agents, and employees and Affiliates from such parties’ obligations under the Agreement;

(d) the transferee is purchasing all of Franchisee’s assets used in the Big Air Trampoline Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the Big Air Trampoline Business unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(e) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor’s then-current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System, or (ii) the transferee is or has been a Designated Business Manager for a period of one year or more of a Big Air Trampoline Business in good standing;

(f) Franchisee shall, at Franchisor’s request, prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Big Air Trampoline Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and/or Franchisor to evaluate the Big Air Trampoline Business and the proposed transfer. Franchisee authorizes Franchisor to confer with a proposed transferee and furnish it with information concerning the Big Air Trampoline Business and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except for intentional misstatements made to a transferee;

(g) the parties to the proposed transaction will have entered into a binding agreement subject only to the rights of Franchisor set out in Section 16. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, provide jointly and severally such personal guarantees as Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the Big Air Trampoline Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided with all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted; and

(j) the transferee paying all costs of Franchisor with respect to (i) the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted then-current form of Franchise Agreement, and all other documents then customarily used by Franchisor to grant franchises; and (ii) the transfer, including but not limited to, all professional fees (attorney's fees, broker fees, and the like), leasing expenses, brokerage commissions or fees, document preparation costs and due diligence.

15.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of the Lease, if any, of the Big Air Trampoline Facility), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation shall maintain stop transfer instructions against the transfer of shares or membership interests on its records subject to the restrictions of this Section and shall have all outstanding shares or membership interest certificates endorsed with the following legend printed conspicuously upon the face of each share or certificate:

*“The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with BIG AIR FRANCHISING, LLC. Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation.”*

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Big Air Trampoline Business as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the Big Air Trampoline Business unless it has an operational partner or Designated Business Manager approved by Franchisor.

15.9 Upon the death or permanent disability of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is a legal entity), the personal representative of such person shall transfer all right, title and interest in this Agreement or such interest in Franchisee to any approved third party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new Franchisee. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer is in accordance with the requirements of this Section 15.9) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisor shall have the right, in Franchisor's sole discretion, to operate the Big Air Trampoline Facility or to appoint a representative or designee to operate the Big Air Trampoline Facility, for a period of up to 180 days, or until such time as Franchisee's interest shall have been transferred to an approved third

party, whichever occurs first. Franchisor or the appointed representative shall be entitled to retain all revenues, and shall pay all operating expenses from the operation of the Big Air Trampoline Facility, without the right to seek or require reimbursement by Franchisee's estate or personal representative, during the period of operation of the Big Air Trampoline Facility. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement and shall entitle Franchisor to terminate this Agreement without further notice or the opportunity to cure. For purposes hereof, the term "**Permanent Disability**" shall mean a mental or physical disability, impairment or condition that prevent Franchisee or Franchisee's controlling shareholder, member or partner from performing the essential functions of Franchisee.

15.10 Franchisee shall grant no security interest in any of the assets of the Big Air Trampoline Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and the option to be substituted as obligor to the secured party and to cure any default of Franchisee, except that any acceleration of indebtedness due to Franchisee's default shall be void.

15.11 Franchisee shall not have the right to grant a subfranchise.

## **16. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL**

16.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without extension of Franchisee's rights to operate the Big Air Trampoline Business or the termination for any reason of the License or this Agreement;

(b) Any breach, default or other event that gives Franchisor the right to terminate the License or this Agreement, after expiration of any applicable notice and cure period; or

(c) The receipt by Franchisor of a copy of a Purchase Offer.

16.2 Upon any event described in Subsection 16.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the Big Air Trampoline Business, and all its improvements, furniture, fixtures, equipment and products, and all of Franchisee's accounts, contract rights, customer and vendor lists, work in progress and other business assets.

16.3 The purchase price for assets itemized in Subsection 16.2 will be, subject to Section 16.4: (i) the current fair market value if Subsection 16.1(a) or 16.1(b) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Subsection 16.1(c) is applicable. If Franchisee and Franchisor cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by Franchisee and Franchisor and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee.

16.4 If Franchisor elects to exercise any option to purchase provided in this Section 16, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

16.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("**Notice of Intent**") within 60 days following an event described in Subsection 16.1(a) or (b) or within 15 days following an event described in Subsection 16.1(c). The Notice of Intent

will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Subsection 16.1(a) or 16.1(b) is applicable. In the event Franchisor is purchasing the assets pursuant to Subsections 16.1(a) or (b), Franchisee will have 14 days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Subsection 16.3. If Franchisor declines to exercise its rights under this Section within the 15 or 60 day period described above, as applicable, Franchisee may thereafter sell or dispose of the Big Air Trampoline Business to any third party in the event of a sale under Subsection 16.1(a) or 16.1(b) or to the third party identified in the Purchase Offer in the event of a sale under Subsection 16.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 15. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal provided in this Agreement.

16.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 16, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Subsections 16.1(a) or (b), following the delivery of a Notice of Intent as specified in Subsection 16.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the Big Air Trampoline Business and to carry on and develop the Big Air Trampoline Business for the exclusive benefit of Franchisor or its designee.

## **17. DEFAULT AND TERMINATION**

17.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 18, upon the occurrence of any of the following events:

(a) Franchisee fails or refuses to open the Big Air Trampoline Facility on or before the Projected Opening Date;

(b) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Operations Manual, Confidential Information or Trade Secrets of Franchisor;

(c) Franchisee voluntarily abandons the Big Air Trampoline Business for a period of five consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Big Air Trampoline Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(d) Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(e) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Big Air Trampoline Business or any of the property used in the

operation of the Big Air Trampoline Business and is not discharged within five days; or if the real or personal property of Franchisee's Big Air Trampoline Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(f) Franchisee, the Designated Business Manager, or any owner of greater than 10% of the Franchisee entity is charged or convicted of a any felony charge, or a crime involving moral turpitude, or a felony or misdemeanor of any type against a child, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(g) Franchisee fails to pay any amounts due Franchisor or Affiliates within 10 days after receiving notice that such fees or amounts are overdue;

(h) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor;

(i) Franchisee has received two notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12 month period, regardless of whether the defaults were cured by Franchisee;

(j) Franchisee sells, transfers or otherwise assigns the Big Air Trampoline Business, an interest in the Big Air Trampoline Business or Franchisee entity, this Agreement, or a substantial portion of the assets of the Big Air Trampoline Business owned by Franchisee without complying with the provisions of Section 15;

(k) Franchisee submits on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than 2%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(l) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five days late on two or more occasions during the Term or any Successor Term unless due to circumstances beyond the control of Franchisee;

(m) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(n) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials;

(o) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(p) Franchisee or its Designated Business Manager fails to successfully complete Franchisor's training or re-training course(s);

(q) Franchisee receives from Franchisor during the Term and any Successor Term three or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee; or

(r) Any misrepresentation under Section 1.9 or any violation of Anti-Terrorism Laws by Franchisee, its Designated Business Manager, its owners, officers, directors, managers, members, partners, agents or employees.

17.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; (ii) reduce the size of Franchisee's Territory, as determined by Franchisor in Franchisor's discretion, or (iii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30-day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Operations Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest or which has a controlling interest in Franchisee, defaults under any term of the Lease of the Big Air Trampoline Facility or any other premises used by Franchisee to operate the Big Air Trampoline Business, any other franchise agreement with Franchisor or any other agreement material to the Big Air Trampoline Business and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty Fee or National Advertising and Promotions Fees or any other report required under the Agreement when due;

(f) Franchisee fails, refuses or neglects to accurately report Gross Revenues, sales information or other information required by Franchisor to be reported; or

(g) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

17.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

17.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause, and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

17.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without

prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

17.6 Franchisee agrees to pay within five days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the Lessor of the Big Air Trampoline Facility or other premises used in the Big Air Trampoline Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

17.7 All royalty and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates, and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

17.8 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Franchise Agreement with Franchisor, respecting another franchised Big Air Trampoline Business using the Marks, a default under this Agreement shall constitute a default under such other Franchise Agreement and vice versa, with like remedies available to Franchisor. Should such other Franchise Agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor may at its option terminate the other Franchise Agreement and the other Franchise Agreement shall be forthwith surrendered and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

17.9 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Operations Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Operations Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Big Air Trampoline Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Operations Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the Big Air Trampoline Business

constitute assets of Franchisor, and upon termination or expiration of this Agreement, Franchisee shall take such action within five days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, facsimile number, and Internet and e-mail addresses, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, facsimile numbers, directory listings and Internet addresses used by Franchisee to promote the Big Air Trampoline Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. **Attachment E** evidences such appointment;

(d) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(e) Franchisee shall, at Franchisor's option, immediately assign to Franchisor any interest in which Franchisee has in any Lease for the Big Air Trampoline Facility. In the event Franchisor does not elect to exercise its option to acquire the Lease for the Big Air Trampoline Facility, then, to the extent, if any, Franchisee is permitted to conduct any business at the Big Air Trampoline Facility pursuant to the terms of this Agreement or a separate written agreement with Franchisor, and acknowledging the distinctiveness of Franchisor's interior design and décor, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other Big Air Trampoline Facilities operating under the System and Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.9(e), Franchisor shall have the right to enter the Big Air Trampoline Facility without being guilty of trespass or any other tort, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand;

(f) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with Franchisor, the System, or the Marks;

(g) Provide Franchisor the option to purchase as set forth in Section 16; and

(h) Comply with the provisions of Sections 10.1(c) and (e) and Section 14.

17.10 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Big Air Trampoline Business, which are identified or associated with the System, Franchisor may enter the Big Air Trampoline Business to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

17.11 If, within 30 days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

17.12 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

17.13 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 10, 12, 14 and 16, hereof shall survive termination or expiration of this Agreement.

17.14 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in the Big Air Trampoline Business or which are situated on the Big Air Trampoline Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

17.15 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

17.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 12.

17.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

17.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

17.19 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH

APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

## **18. CONDEMNATION AND CASUALTY**

18.1 Franchisee shall promptly advise Franchisor upon Franchisee's receipt of a notice of default or termination under Franchisee's Lease or mortgage, and shall promptly provide Franchisor a copy of the notice. Franchisee shall also give Franchisor notice of any proposed taking of the Big Air Trampoline Facility or any portion thereof through the exercise of the power of eminent domain at the earliest possible time. If the Big Air Trampoline Facility or a substantial part thereof is to be taken, the Big Air Trampoline Business may be relocated within the Territory specified in **Attachment A**, or elsewhere with Franchisor's written approval in accordance with Franchisor's relocation procedures set forth in the Operations Manual. If Franchisee opens a new business as provided above at another location in accordance with Franchisor's standards and general specifications within one year of the closing of the old Big Air Trampoline Facility, the new Big Air Trampoline Business shall be deemed to be the Big Air Trampoline Business licensed under this Agreement. If a condemnation, Lease termination or mortgage default takes place and a new Big Air Trampoline Business does not, for any reason, become the Big Air Trampoline Business as provided in this Section 18.1, then the License shall terminate upon notice by Franchisor.

18.2 If the Big Air Trampoline Facility is damaged for any reason, Franchisee shall expeditiously repair the damage. If the damage or repair requires closing the Big Air Trampoline Business, Franchisee shall immediately notify Franchisor in writing, and shall:

(a) Relocate the Big Air Trampoline Business as provided in Subsection 18.1;

or

(b) Repair or rebuild the Big Air Trampoline Business at the Big Air Trampoline Facility in accordance with Franchisor's then existing standards and general specifications, and reopen the Big Air Trampoline Business for continuous business operations as soon as practicable (but in any event within 12 months after closing the Big Air Trampoline Business at the Big Air Trampoline Facility), giving Franchisor 30 days advance notice of the date of reopening;

(c) If the Big Air Trampoline Business is not (or, in the opinion of Franchisor cannot be) reopened in accordance with this Section 18.2, or relocated pursuant to Subsection 18.1, the License shall terminate upon notice to Franchisee.

18.3 The Term will not be extended by any interruption in the Big Air Trampoline Business's operations, except for an act of God that results in the Big Air Trampoline Business being closed not less than 60 days nor more than 180 days. Franchisee must apply for any extension within thirty 30 days following the reopening of the Big Air Trampoline Business. No event during the Term will excuse Franchisee from paying Royalty Fees or National Marketing and Promotions Fees as provided in this Agreement.

## **19. NOTICES**

19.1 Any notice of default under this Agreement shall be delivered personally or by courier to the appropriate location. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail, or by recognized overnight delivery or courier services, in the case of Franchisor to:

**To Franchisor:**

BIG AIR FRANCHISING, LLC  
999 Corporate Drive #215,  
Ladera Ranch, CA 92694

with a copy (which shall not constitute Notice) to:

Kevin Hein  
~~Faegre, Baker Daniels~~  
~~1700 Lincoln St #3200~~  
Alexius LLC  
1509 York Street, Suite 300  
Denver, CO ~~80203~~80206

**To Franchisee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Phone: ( ) \_\_\_\_\_  
Fax ( ) \_\_\_\_\_

with a copy (which shall not constitute Notice) to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Fax ( ) \_\_\_\_\_

Any such notice or other document delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee on the third business day following the date of mailing, and any delivery made by recognized overnight delivery or courier services shall be deemed to be delivered the next business day. Any party may at any time give notice in writing to any other party of any change of address.

**20. DISPUTE RESOLUTION**

20.1 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Operations Manual, and the parties acknowledge and agree that this procedure may be revised periodically in Franchisor’s discretion.

20.2 To protect from violations that would cause immediate loss and damages or irreparable harm, Franchisor and Franchisee shall each have the right to seek from a state or federal court located in Ladera Ranch, California as more fully set forth in Section 20.1:

- (a) injunctive relief and any related incidental damages;
- (b) an action for disputes or claims related to or based on the Marks;
- (c) enforcement of a covenant not to compete; and
- (d) issues related to the disclosure of or misuse of Confidential Information or

Trade Secrets.

**20.3 EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ANY CONTROVERSY OR DISPUTE ARISING OUT OF, OR RELATING TO THE FRANCHISE OR THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY FRANCHISEE OR ANY PERSON IN PRIVITY WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE, CONCERNING THE ENTRY INTO, PERFORMANCE UNDER, OR TERMINATION OF, THIS AGREEMENT OR ANY OTHER AGREEMENT ENTERED INTO BY FRANCHISOR, OR ITS SUBSIDIARIES OR AFFILIATES, AND FRANCHISEE; ANY CLAIM AGAINST A PAST OR PRESENT EMPLOYEE, OFFICER, DIRECTOR, MEMBER, SHAREHOLDER OR AGENT OF FRANCHISOR; ANY CLAIM OF BREACH OF THIS AGREEMENT; AND ANY CLAIMS ARISING UNDER STATE OR FEDERAL LAWS, SHALL BE SUBMITTED TO FINAL AND BINDING ARBITRATION AS THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH CONTROVERSY OR DISPUTE. "PERSONS IN PRIVITY" WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE INCLUDE BUT ARE NOT LIMITED TO, SPOUSES AND OTHER FAMILY MEMBERS, DOMESTIC PARTNERS, HEIRS, EXECUTORS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS. SUBJECT TO THIS SECTION, THE RIGHT AND DUTY OF THE PARTIES TO THIS AGREEMENT TO RESOLVE ANY DISPUTES BY ARBITRATION SHALL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT, AS AMENDED, AND ARBITRATION SHALL TAKE PLACE ACCORDING TO THE COMMERCIAL ARBITRATION RULES (IN EFFECT AS OF THE DATE THE DEMAND FOR ARBITRATION IS FILED) OF, AND UNDER THE AUSPICES OF, THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION, WHICH SHALL BE HELD BEFORE A SINGLE ARBITRATOR, SHALL BE HELD IN THE LADERA RANCH, CALIFORNIA OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION, OR AT SUCH OTHER LOCATION AS SHALL BE MUTUALLY AGREED UPON BY THE PARTIES IN WRITING. HOWEVER, ARBITRATION WILL NOT BE REQUIRED TO BE USED FOR ANY DISPUTE WHICH INVOLVES THE TYPE OF DISPUTES IDENTIFIED IN SECTION 20.2. THE PARTIES EXPRESSLY CONSENT TO PERSONAL JURISDICTION IN THE STATE OF CALIFORNIA AND AGREE THAT SUCH COURT (S) WILL HAVE EXCLUSIVE JURISDICTION OVER ANY DETERMINATION OF THE "PREVAILING PARTY" IN ACCORDANCE WITH SUCH ISSUES NOT SUBJECT TO ARBITRATION.**

20.4 A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. Subject to the provisions contained in Section 21.3, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. the arbitrator shall have no authority to amend or modify the terms of this Agreement. The award

or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

20.5 Parties to arbitration under this agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

20.6 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees, multi-unit developers or area developers. Franchisee agrees not to join or attempt to join other franchisees, multi-unit developers, area developers, or other third-parties in any arbitration proceeding and to refrain from participating in any "class action" litigation or arbitration proposed or asserted by one or more other franchisees.

20.7 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

## 21. MISCELLANEOUS

21.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable federal law, this Agreement shall be interpreted under the laws of the State of California, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of California, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of California the benefit of any California law providing specific protection to franchisees residing or operating in the State of California. **FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM IN WHICH TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN THEM AND HAVE AGREED TO SELECT A FORUM IN ORDER TO PROMOTE STABILITY IN THEIR RELATIONSHIP. THEREFORE, IF A CLAIM IS ASSERTED IN ANY LEGAL PROCEEDING INVOLVING FRANCHISEE, ITS OFFICERS DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS AND FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, EMPLOYEES OR AFFILIATES OF BOTH PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM SHALL BE IN THE STATE OF CALIFORNIA AND EACH WAIVE ANY OBJECTION EITHER MAY HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN THE STATE OF CALIFORNIA. FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE IN SUCH COURT. FRANCHISOR AND FRANCHISEE**

**FURTHER WAIVE EACH OF THEIR RIGHTS TO A JURY TRIAL FOR ANY MATTER THAT IS TRIED BEFORE A COURT OF LAW.**

21.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

21.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

21.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's CEO, President or Vice President, except that a waiver need be signed only by the party waiving.

21.5 This Agreement, together with the Franchise Disclosure Document, Operations Manual, any written related agreements, all Exhibits, Attachments, and the State Addenda attached to the Disclosure Document as **Exhibit F**, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, the License, the System or the Big Air Trampoline Business. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

21.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "**Franchisee**" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine. The term "**Lease**" shall include a sublease, and a renewal or extension of a lease or sublease.

21.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

21.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God ("**Force Majeure Event**"). Any such delay shall extend performance only so long as such

event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay Royalty Fees and National Marketing and Promotions Fees when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor, may in its sole discretion, elect to waive the Royalty Fees and National Marketing and Promotions Fees during the period of delay caused by the Force Majeure Event or such shorter period.

21.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, which appointment is coupled with an interest, and hereby empowers it to execute such instruments regarding the Marks for and in Franchisee's name in order to give full effect to Sections 10, 12, 15, and 17 of this Agreement. Franchisee hereby declares that the power of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

21.10 This Agreement shall be binding upon, and subject to Section 15 hereof, shall inure to the benefit of, Franchisor's and Franchisee's successors and permitted assigns.

21.11 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

21.12 From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

## **22. ACKNOWLEDGEMENT**

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN SEVEN DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT THE SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S BIG AIR TRAMPOLINE BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE BIG AIR TRAMPOLINE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BIG AIR TRAMPOLINE BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE BIG AIR TRAMPOLINE BUSINESS VENTURE; AND

4. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE OTHER THAN STATED IN THE FRANCHISE DISCLOSURE DOCUMENT; AND

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE BIG AIR TRAMPOLINE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

**[The remainder of this page has been intentionally left blank]**

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above set forth.

**BIG AIR FRANCHISING, LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Individually

OR:  
(if a corporation or partnership)

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT A  
TO FRANCHISE AGREEMENT**

**TERRITORY, INITIAL FRANCHISE FEE, AND TRAINING FEE**

**1. Territory.**

The Territory set forth in Section 4.1 of the Agreement shall be:

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**2. Initial Franchise Fee.** Franchisee shall pay to Franchisor an Initial Franchise Fee equal to

Fifty Thousand Dollars (\$50,000.00)

Thirty Five Thousand Dollars (\$35,000.00)

plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

**3. Training Fee.** Franchisee shall pay to Franchisor a Training Fee of Ten Thousand Dollars (\$10,000.00) plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

**4. Projected Opening Date.** Franchisee anticipates that Franchisee will open the Big Air Trampoline Facility on or about \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**FRANCHISEE:**

**BIG AIR FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT B  
TO FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Franchise Agreement executed between \_\_\_\_\_ (“Franchisee”) and BIG AIR FRANCHISING, LLC (“Franchisor”) on \_\_\_\_\_, 20\_\_ (“Agreement”) each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Term, including all Interim Periods and Successor Terms thereof, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including but not limited to, the terms of Section 14.

**Each of the undersigned waives the following:**

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and
5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

**Each of the undersigned consents and agrees that:**

1. His or her direct and immediate liability under this guaranty shall be joint and several;
2. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
4. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term, including renewals thereof.

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

**WITNESS:**

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**GUARANTOR(S):**

Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**ACKNOWLEDGMENT**

Franchisee, and its shareholders, members, or partners, as applicable, 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 hereof, 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 herewith and be bound hereby.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**BIG AIR FRANCHISING, LLC**

By: \_\_\_\_\_

Its \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
an Individual  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT C  
TO FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP**

**Franchisee:** \_\_\_\_\_

**Trade Name** (if different from above): \_\_\_\_\_

**Form of Ownership  
(Check One)**

\_\_\_\_ **Individual** \_\_\_\_ **Partnership** \_\_\_\_ **Corporation** \_\_\_\_ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Franchisee acknowledges that this Statement of Ownership applies to the Big Air Trampoline Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

**ATTACHMENT D  
TO FRANCHISE AGREEMENT**

**BY AND BETWEEN BIG AIR FRANCHISING, LLC  
AND**

\_\_\_\_\_  
("FRANCHISEE")

**EFT AUTHORIZATION AGREEMENT  
(DIRECT DEBITS)**

The undersigned depositor ("**Depositor**") hereby authorizes BIG AIR FRANCHISING, LLC ("**Company**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions.

\_\_\_\_\_  
Depository

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

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

\_\_\_\_\_  
**Depositor**

\_\_\_\_\_  
**Depository**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTACHMENT E  
TO FRANCHISE AGREEMENT

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND  
TELEPHONE LISTINGS AND INTERNET ADDRESSES**

THIS ASSIGNMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in accordance with the terms of the Big Air Franchising, LLC Franchise Agreement (“**Franchise Agreement**”) between \_\_\_\_\_ (“**Franchisee**”) and BIG AIR FRANCHISING, LLC (“**Franchisor**”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Big Air Trampoline Business (“**Franchise Business**”) located at \_\_\_\_\_.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) and (2) those certain Internet website addresses (“**URLs**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s Internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone

Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

**ASSIGNEE:**

**ASSIGNOR:**

**BIG AIR FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTACHMENT F  
TO FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

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

A. The parties hereto have entered into a certain Lease Agreement (“**Lease**”), dated \_\_\_\_\_, 20\_\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Premises**”).

B. Lessor acknowledges that Lessee intends to operate a Big Air Trampoline franchise from the leased Premises pursuant to a Franchise Agreement (“**Franchise Agreement**”) with BIG AIR FRANCHISING, LLC (“**Franchisor**”) under the name “BIG AIR TRAMPOLINE PARK and LOGO™” or other name designated by Franchisor (herein referred to as “**Franchised Business**”).

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

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

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

2. Assignment or Subletting. Lessee shall agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee’s possession of Premises. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as **Attachment F-1**: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation, or (d) in connection with the sale of Lessee’s corporate stock or assets. However, no assignment or sublease shall be effective until such time as Franchisor, parent or its designated subsidiary or affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor, its parent or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall

not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a). Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor shall be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor shall not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

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

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

BIG AIR FRANCHISING, LLC  
999 Corporate Drive #215  
Ladera Ranch, CA 92694

and a copy (which shall not constitute Notice) to:

Kevin Hein  
~~Faegre, Baker Daniels~~  
~~1700 Lincoln St #3200~~  
Alexius LLC  
1509 York Street, Suite 300  
Denver, CO ~~80203~~80206

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

(c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which shall be granted or denied

in Franchisor's sole discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

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

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

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment F-1**.

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

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

7. No Competition by Other Lessees of Lessor. Lessor agrees that it will not do business with nor lease to another business whose primary business is the operation of indoor recreation and party centers or play centers for children, teens, families and young adults.

8. No Radius Clause. Any radius restriction found in the Lease is hereby deleted.

9. No Relocation Clause. Any relocation clause found in the Lease is hereby deleted.

10. Casualty And Condemnation. In the event the Premises are completely or partially damaged by fire or other casualty or are condemned by a governmental agency in whole or in part, such that the Premises cannot, in Lessee's reasonable business judgment, be used by Lessee for their intended purposes, or can only be partially used by Lessee (it being understood that Lessee, in its reasonable business judgment, shall decide whether to remain open prior to the completion of repairs to the Premises) and this Lease is not terminated as otherwise provided in this Lease, there shall be an equitable abatement of rent, any percentage rent and other charges payable by Lessee hereunder for any days the Lessee cannot use the entire Premises. In the event the Premises are not repaired or restored by Lessor within 180 days after the date of the casualty or condemnation, Lessee may elect to terminate this Lease upon 30 days prior written notice to Lessor.

11. Common Areas-No Changes. Lessor shall not change or alter the common areas in any manner which would alter the dimensions or location of the Premises or adversely affect the use, operation or conduct of Lessee's business being conducted in the Premises, adversely affect the accessibility or visibility of the Premises or reduce the existing parking facilities by more than 10%.

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

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

loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

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

15. Lessor Work And Repair. Lessor shall perform all work described in the Lease and Exhibit \_\_ attached hereto and incorporated herein. Lessor shall be responsible for the payment of all tap fees and system development fees incurred in connection with Lessor’s provision of utilities to the Premises. Utilities shall be “stubbed” to the Premises at no cost to Lessee. All Lessor work shall be performed in a workmanlike manner with quality materials in compliance with all laws, codes and all regulations. If Lessor's work is not performed as herein required, or if such work or the Center is not in compliance with all laws, codes or other regulations, Lessor shall perform the necessary remedial work at its sole cost and expense. Lessor covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Lessee, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

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

17. Lessee Financing. Lessee shall have the right from time to time during the term of the Lease, and without Lessor’s prior approval, to grant and assign a mortgage or other security interest in Lessee’s interest under this Lease and all of Lessee's personal property located within the Premises to its lenders in connection with Lessee's financing arrangements and any lien of Lessor against Lessee's personal property (whether by statute or under the terms of this Lease)

shall be subject and subordinate to such security interest. Lessor shall execute such documents as Lessee's lenders may reasonably request in connection with any such financing.

18. Continued Business Operation. Lessee may close its business once every five (5) years for a reasonable time to refurbish and redecorate the Premises.

19. Removal Of Trade Dress/Personal Property. Lessor shall permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor shall permit Lessee to remove its trade dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section \_\_, whichever later occurs.

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

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

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

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

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

**LESSOR:**

**LESSEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT F-1  
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”), hereby assigns, transfers and sets over unto BIG AIR FRANCHISING, LLC (“**Assignee**”) all of Assignor’s right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_ (“**Premises**”). This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement (“**Franchise Agreement**”) for a Big Air Trampoline Franchised Business between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees or instructs in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

**BIG AIR FRANCHISING, LLC**, a California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**

**LEASE**

**With Respect to Premises Located at:**

---

(To Be Attached)

# **EXHIBIT C**

**BIG AIR FRANCHISING, LLC**

**MULTI-UNIT DEVELOPMENT AGREEMENT**



**BIG AIR FRANCHISING, LLC**

**EXHIBIT C**

# **MULTI-UNIT DEVELOPMENT AGREEMENT**

**Multi-Unit Developer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Territory:** \_\_\_\_\_

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### ATTACHMENTS:

Attachment A:	Description of Development Territory
Attachment B:	Development Schedule
Attachment C:	Personal Guaranty
Attachment D:	Statement of Shareholders/Members/Partners

**BIG AIR FRANCHISING, LLC**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (“**Effective Date**”) by and between Big Air Franchising, LLC, a California limited liability company (“**Franchisor**”), with a business address at 999 Corporate Drive #215, Ladera Ranch, California 92694 and \_\_\_\_\_, with its business address at \_\_\_\_\_ (“**Multi-Unit Developer**”).

**WITNESSETH:**

**WHEREAS**, Franchisor holds the exclusive franchise rights to a proprietary system which has been developed through significant expenditures of time, skill, effort and money (“**System**”) relating to the establishment, development and operation of a business offering an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products (“**Big Air Trampoline Facility**”); and

**WHEREAS**, the System features use of the Marks (defined below), a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Big Air Trampoline Facility, as well as uniform standards, specifications, methods, policies and procedures for Big Air Trampoline Facility operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs (all as further defined in the Operations Manual), all of which may be changed, improved upon, and further developed occasionally by Franchisor;

**WHEREAS**, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and goodwill of its System and established a firm foundation for its franchised operations consisting of the highest standards of training, management, supervision, appearance, and quality of services and products;

**WHEREAS**, the System is identified by means of certain trademarks, including the marks “BIG AIR TRAMPOLINE PARK and LOGO<sup>TM</sup>” and any other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System (“**Marks**”);

**WHEREAS**, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System’s high standards of quality and service;

**WHEREAS**, Multi-Unit Developer desires to obtain the exclusive right to develop, construct, manage and operate a series of Big Air Trampoline Facilities under the development schedule described in **Attachment B** attached hereto (“**Development Schedule**”) and within the territory described in **Attachment A** attached hereto (“**Development Territory**”), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

**WHEREAS**, the Multi-Unit Developer hereby acknowledges that it has read this Agreement and Franchisor’s Franchise Disclosure Document (“**Disclosure Document**”), and that it has no knowledge of any representations about the Big Air Trampoline franchise or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor’s Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor’s high standards of quality and service and the uniformity of those standards at all Big Air Trampoline Facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

**WHEREAS**, Multi-Unit Developer understands and acknowledges the importance of Franchisor’s uniformly high standards of quality and service and the necessity of operating the Big Air Trampoline franchises in strict conformity with Franchisor’s quality control standards and specifications.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

## 1. ~~1~~-GRANT

1.1 Franchisor hereby grants to Multi-Unit Developer the right and license to develop, construct, operate and manage \_\_\_\_\_ ( ) Big Air Trampoline Facilities in strict accordance with the System and under the Marks within the Development Territory described in **Attachment A**. Each Big Air Trampoline Facility shall be operated according to the terms of the individual franchise agreement (“**Franchise Agreement**”) with respect thereto.

1.2 If the Multi-Unit Developer is developing Big Air Trampoline Facilities, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each Big Air Trampoline Facility, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Big Air Trampoline Facilities in the Development Territory during the term hereof; however, Franchisor reserves the right to sell products and services under the Marks or any other marks, through any other retail location or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. Franchisor also reserves the right to (a) establish, operate or license to any other person or entity the right to establish or operate a Big Air Trampoline Facility owned or licensed by Franchisor at any location outside the Development Territory; (b) develop, lease and license the use of, at any location side or outside of the Development Territory, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which Franchisor deems advisable; (c) merge with, or be acquired by any other business, including a business that competes with Big Air Trampoline Facilities operated by Multi-Unit Developer, or to acquire and convert to the System operated by Franchisor any business offering an indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products operated by competitors, located inside or outside of the Development Territory or otherwise operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may

allow Franchisor or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Agreement, the Multi-Unit Developer will no longer have an exclusive Development Territory and each Big Air Trampoline Facility will be limited to operating solely at the franchised location (“**Franchised Location**”) described in the individual Franchise Agreement. Multi-Unit Developer understands, acknowledges and agrees that as a Franchisee, Multi-Unit Developer will not receive any exclusive or protected territorial rights other than the territory granted with each Big Air Trampoline Facility at each Franchised Location.

1.3 This Agreement is not a franchise agreement and Multi-Unit Developer shall have no right to use in any manner the Marks or System by virtue hereof. Each Big Air Trampoline Facility will be governed by the individual Franchise Agreement signed by Franchisor and Multi-Unit Developer for each Big Air Trampoline Facility.

1.4 The Multi-Unit Developer must contribute some amount of its personal capital to the development of each Big Air Trampoline Facility and must own at least a 51% equity interest in each Big Air Trampoline Facility developed hereunder. In addition, Multi-Unit Developer shall ensure that a person (“**Designate Business Manager**”) shall at all times devote his or her full time and attention to managing, supervising, and developing each Big Air Trampoline Facility and that the person is at all times identified to Franchisor. Multi-Unit Developer shall identify all equity owners of Multi-Unit Developer by completing the Statement of Shareholders/Members/Partners attached to this Agreement as **Attachment D**. Multi-Unit Developer shall provide Franchisor with an updated form of **Attachment D** within 10 business days of any change in the equity ownership of Multi-Unit Developer. The failure of Multi-Unit Developer to provide Franchisor with an updated **Attachment D** within the time frame specified in this Section 1.4 shall constitute a material default of this Agreement.

## 2. ~~2~~-TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of (a) \_\_\_\_\_ years from the Effective Date, or (b) completion of the term of the Development Schedule. Franchisor, in its sole discretion, may permit Multi-Unit Developer to renew this Agreement for an additional term; provided that, without limiting the foregoing, the Multi-Unit Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor or any affiliate of Franchisor, and the parties agree in writing to a new Development Schedule.

## 3. ~~3~~-FRANCHISE AGREEMENT, INITIAL FRANCHISE FEE, AREA DEVELOPMENT FEE AND INITIAL TRAINING

3.1 With respect to each Big Air Trampoline Facility to be developed under this Agreement:

(a) As soon as Multi-Unit Developer locates a site within the Development Territory that it believes is suitable for construction of a Big Air Trampoline Facility in accordance with Franchisor’s site selection criteria, Multi-Unit Developer shall submit to Franchisor the information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require periodically in Franchisor’s operations manual (“**Operations Manual**”). If Multi-Unit Developer proposes that another entity will own and operate the

Big Air Trampoline Facility, Multi-Unit Developer must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its sole discretion, and Multi-Unit Developer agrees to provide the information immediately upon request.

(b) Should Franchisor grant preliminary authorization to proceed with the site location per Section 3.1(a) above, it will give its written authorization to the Multi-Unit Developer to proceed with architectural drawings and final site plans containing the information as Franchisor requires. The preliminary authorization for the site location shall not constitute final authorization of the site for the Big Air Trampoline Facility, or of the entity proposed as franchisee. Upon receipt of the site location authorization, Multi-Unit Developer should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

(c) Should Franchisor provide final site authorization and approve of the proposed franchisee entity for a Big Air Trampoline Facility, Franchisor and Multi-Unit Developer (or its affiliate) shall promptly enter into an individual Franchise Agreement for this Big Air Trampoline Facility before the date Multi-Unit Developer begins construction on the Franchised Location, which agreement shall be in the form of Franchisor's then-current form of Franchise Agreement. The terms of the individual Franchise Agreement will then govern the further development and build-out of the Big Air Trampoline Facility.

3.2 Multi-Unit Developer shall pay to Franchisor an Initial Franchise Fee for each Big Air Trampoline Facility to be developed hereunder. The initial franchise fee ("**Initial Franchise Fee**") for the first Big Air Trampoline Facility to be developed under this Multi-Unit Development Agreement shall be Fifty Thousand Dollars (\$50,000). Multi-Unit Developer shall pay a development franchise fee ("**Development Initial Franchise Fee**") equal to Thirty Five Thousand Dollars (\$35,000) at the time Multi-Unit Developer signs the second and each subsequent Franchise Agreement required under the terms of this Multi-Unit Development Agreement. Multi-Unit Developer shall pay upon execution of this Agreement an multi-unit development fee ("**Multi-Unit Development Fee**") equal to the number of Big Air Trampoline Facilities to be opened under this Agreement multiplied by Ten Thousand Dollars (\$10,000.00) for each Big Air Trampoline Facility to be opened. The Multi-Unit Development Fee is set forth in **Attachment A**. If the Big Air Trampoline Facility is opened in accordance with the Development Schedule, the applicable Multi-Unit Development Fee paid for that Big Air Trampoline Facility will be applied to the Development Initial Franchise Fee. The Initial Franchise Fee for each Big Air Trampoline Facility is due upon the execution of each single-unit Franchise Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Multi-Unit Developer opens any of the Big Air Trampoline Facilities it is obligated to open in the Development Territory.

3.3 Franchisor shall provide the Multi-Unit Developer with Franchisor's then-current training program and on-site opening assistance for each Big Air Trampoline Facility to be developed hereunder pursuant to the applicable Franchise Agreement.

#### 4. **4-DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

4.1 Multi-Unit Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Franchisor for each Big Air

Trampoline Facility for which a development right is granted. The Franchise Agreement to be executed for the first Big Air Trampoline Facility to be developed by Multi-Unit Developer under this Agreement shall be executed and delivered, and the Initial Franchisee Fee for the first Big Air Trampoline Facility shall be paid, to Franchisor concurrently with the execution and delivery of this Agreement. All subsequent Big Air Trampoline Facilities developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for a Big Air Trampoline Facility. Multi-Unit Developer acknowledges that the then-current form of Franchise Agreement may differ from the form attached, and may include different economic terms, including, but not limited to, higher royalty rates and advertising contributions.

#### 4.2 Development Schedule.

(a) Acknowledging that time is of the essence, Multi-Unit Developer agrees to exercise its development rights according to Section 3.1 and according to the Development Schedule set forth on **Attachment B**, which schedule designates the number of Big Air Trampoline Facilities in the Development Territory to be established and in operation by Multi-Unit Developer upon the expiration of each of the designated development periods (“**Development Periods**”).

(b) During any Development Period, Multi-Unit Developer may, with Franchisor’s prior written consent, develop more than the number of Big Air Trampoline Facilities that Multi-Unit Developer is required to develop during that Development Period. Any Big Air Trampoline Facilities developed during a Development Period in excess of the minimum number of Big Air Trampoline Facilities required to be developed upon expiration of that Development Period shall be applied to satisfy Multi-Unit Developer’s development obligation during the next succeeding Development Period. Multi-Unit Developer shall not open more than the cumulative total number of Big Air Trampoline Facilities Multi-Unit Developer is obligated to develop under this Agreement, as set forth above in the Development Schedule; provided, however, that Multi-Unit Developer may be permitted to open Big Air Trampoline Facilities in excess of the number permitted by the Development Schedule if, in Franchisor’s sole discretion, Franchisor determines that the Development Territory can support additional Big Air Trampoline Facilities and Multi-Unit Developer receives Franchisor’s advanced written permission to develop more Big Air Trampoline Facilities. Multi-Unit Developer shall pay Franchisor the then-current Initial Franchise Fee applicable at the time Multi-Unit Developer signs a Franchise Agreement for any additional Big Air Trampoline Facilities.

(c) If during the term of this Agreement, Multi-Unit Developer ceases to operate any Big Air Trampoline Facility developed under this Agreement for any reason, Multi-Unit Developer shall develop a replacement Big Air Trampoline Facility to fulfill Multi-Unit Developer’s obligation to have open and in operation the required number of Big Air Trampoline Facilities upon the expiration of each Development Period. The replacement Big Air Trampoline Facility shall be developed within a reasonable time to be agreed upon by the parties after Multi-Unit Developer ceases to operate the Big Air Trampoline Facility to be replaced. If during the term of this Agreement, Multi-Unit Developer, in accordance with the terms of any Franchise Agreement for a Big Air Trampoline Facility developed under this Agreement, transfers its interest in such Big Air Trampoline Facility, the transferred Big Air Trampoline Facility shall continue to be counted in determining whether Multi-Unit Developer has complied with the Development

Schedule so long as it continues to be operated as a Big Air Trampoline Facility. If the transferred Big Air Trampoline Facility ceases to be operated as a Big Air Trampoline Facility during the term of this Agreement, Multi-Unit Developer shall develop a replacement Big Air Trampoline Facility within a reasonable time, not to exceed twelve months, after the transferred Big Air Trampoline Facility ceases to be operated as a Big Air Trampoline Facility. In either case, the reasonable time period shall apply to the development of the replacement Big Air Trampoline Facility only and, in Franchisor's sole discretion, extend the term of the applicable Development Period to the end of the mutually agreed upon time period; provided that in no event shall such time period exceed one year.

(d) Opening Schedule.

(i) Multi-Unit Developer shall open each Big Air Trampoline Facility and shall commence business in accordance with the Development Schedule set forth on **Attachment B**, unless, subject to Franchisor's approval, Multi-Unit Developer obtains an extension of the Development Period from Franchisor to complete construction and commence operation of a particular Big Air Trampoline Facility. Each extension shall be for an additional 30-day period commencing upon the expiration of the applicable Development Period, including any previous extensions thereof ("**Extension Date**"). No more than two extensions of any Development Period will be permitted. If an extension of a Development Period is granted by Franchisor, the Opening Date for the Big Air Trampoline Facility (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any Development Period shall affect the duration of any other Development Period or any of Multi-Unit Developer's other development obligations. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date, and thereafter Multi-Unit Developer shall have no further rights under this Agreement except as provided in Section 2. The provisions of this Section 4.2(d)(i) do not apply to the development of a replacement Big Air Trampoline Facility under Section 3.2(c). Each extension may be conditioned upon payment of a \$5,000 extension fee ("**Extension Fee**") as set forth in the Operations Manual.

(ii) Multi-Unit Developer shall notify Franchisor in writing at least 30 days prior to the Projected Opening Date (defined below) for a Big Air Trampoline Facility if Multi-Unit Developer will be unable to complete construction and commence operation of the Big Air Trampoline Facility by the expiration date of the Development Period in which such Big Air Trampoline Facility was to have been opened. In such notice Multi-Unit Developer shall request that the Franchisor consider its request for an extension and shall include a description of the reasons for its failure to develop the Big Air Trampoline Facility in a timely manner and the expected date of completion of construction and opening, if the extension were to be granted, along with payment of the Extension Fee if required.

(e) Failure by Multi-Unit Developer to adhere to the Development Schedule (including any extensions approved by Franchisor) or to adhere to any time period for the development of replacement Big Air Trampoline Facilities as set forth in Section 3.2(c) shall constitute a material event of default under this Agreement.

4.3 Multi-Unit Developer acknowledges that the projected opening dates ("**Projected Opening Dates**") for each Big Air Trampoline Facility set forth on **Attachment B** are reasonable

and consistent with the requirements of the Development Schedule. Multi-Unit Developer shall execute a Franchise Agreement for each Big Air Trampoline Facility at or prior to the applicable execution deadline (“**Execution Deadline**”) set forth on **Attachment B**. Multi-Unit Developer and Franchisor agree that, except with respect to the Franchise Agreements executed concurrently herewith, the Execution Deadline shall be a date no later than nine months prior to the Projected Opening Date for each subsequent Big Air Trampoline Facility to be developed.

## 5. ~~5~~-LOCATION OF BIG AIR TRAMPOLINE FACILITIES

The location of each Big Air Trampoline Facility shall be selected by the Multi-Unit Developer in accordance with the terms set forth in each Franchise Agreement signed by Multi-Unit Developer, within the Development Territory, subject to Franchisor’s prior authorization as set forth in Section 3 hereof, which authorization shall take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Multi-Unit Developer before approval of Franchisor shall be the sole risk and responsibility of Multi-Unit Developer and shall not obligate Franchisor in any way to authorize the same. The authorization of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of the site for location of a Big Air Trampoline Facility.

## 6. ~~6~~-FRANCHISE AGREEMENT

Multi-Unit Developer shall not commence construction on, or open any Big Air Trampoline Facility until, among other things, the entire Initial Franchise Fee or Development Initial Franchise Fee (as applicable) for said Big Air Trampoline Facility has been paid in full and the individual Franchise Agreement for said Big Air Trampoline Facility has been signed by both the Multi-Unit Developer and Franchisor.

## 7. ~~7~~-DEFAULT AND TERMINATION

7.1 Multi-Unit Developer shall be in default under this Agreement should Multi-Unit Developer (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer contained herein.

7.2 Upon the default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following:

- a. terminate this Agreement;
- b. terminate the territorial exclusivity granted to Multi-Unit Developer;
- c. reduce the size of the Multi-Unit Developer’s Development Territory or the number of Big Air Trampoline Facilities Multi-Unit Developer may develop in the Development Territory; or
- d. accelerate the Development Schedule on immediate written notice.

7.3 In addition, if any individual Franchise Agreement issued to Multi-Unit Developer or an approved affiliate of Multi-Unit Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this

Agreement on immediate written notice to Multi-Unit Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Big Air Trampoline Facilities within the Development Territory. For purposes of this Section 7, any Franchise Agreement issued by Franchisor to Multi-Unit Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Multi-Unit Developer or any stockholder, partner or joint venturer of Multi-Unit Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Multi-Unit Developer.

## 8. ~~8~~-ASSIGNMENT

8.1 Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Multi-Unit Developer.

8.2 By Multi-Unit Developer.

(a) Multi-Unit Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Multi-Unit Developer and are granted in reliance upon the personal qualifications of Multi-Unit Developer or Multi-Unit Developer's principals. Multi-Unit Developer has represented to Franchisor that Multi-Unit Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither Multi-Unit Developer nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Multi-Unit Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

(c) Any assignment, transfer or other disposition by the Multi-Unit Developer of a single-unit Big Air Trampoline Facility within the Development Territory will be governed by the Franchise Agreement to which the single-unit Big Air Trampoline Facility is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if Multi-Unit Developer wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, the Multi-Unit Developer shall notify Franchisor, which may approve or disapprove the same in its sole discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

(i) All of the Multi-Unit Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

(ii) The Multi-Unit Developer must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between the Multi-Unit Developer and Franchisor, its subsidiaries or affiliates;

(iii) The Multi-Unit Developer and each of its affiliates, shareholders, members, partners, officers and directors must sign a general release, under seal,

the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Multi-Unit Developer's obligations under the relevant Franchise Agreements and, if deemed necessary by Franchisor, the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Franchisor;

(v) The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to open and operate the Big Air Trampoline Facilities (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multi-Unit Developers, and has sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to open and operate the Big Air Trampoline Facilities required under the terms of this Multi-Unit Development Agreement;

(vi) At Franchisor's option, the transferee must sign (and, upon Franchisor's request, shall cause all interested parties to sign), for a term ending on the expiration date of the Franchise Agreement(s) and with the successor term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement and Multi-Unit Development Agreement then being offered to new Multi-Unit Developers and any other ancillary agreements as Franchisor may require for the Big Air Trampoline Facilities, which agreements shall supersede the Franchise Agreements and the Multi-Unit Development Agreement between the Multi-Unit Developer and Franchisor in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and Multi-Unit Development Agreement, including, without limitation, the implementation of other fees and different royalty rates;

(vii) The Multi-Unit Developer and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Big Air Trampoline Facilities before the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Personal Guaranty, attached into this Agreement as **Attachment C**, and shall sign any and all instruments reasonably requested by Franchisor to further evidence this liability; and

(viii) Multi-Unit Developer or its approved transferee shall pay to Franchisor, at the time of said transfer, a transfer fee ("**Development Transfer Fee**") equal to Twenty Five Hundred Dollars (\$2,500.00) for each unopened Big Air Trampoline Facility to be transferred, and Ten Thousand Dollars (\$10,000.00), or such other amount as required by the terms of each individual Franchise Agreement, for each Big Air Trampoline Facility which is open and operating at

the time Multi-Unit Developer notifies Franchisor of its intent to transfer or assign this Agreement (which transfer or assignment shall be in compliance with the terms of each open Big Air Trampoline Facility's individual Franchise Agreement), to cover Franchisor's administrative and other expenses in connection with the transfer of the Big Air Trampoline Facilities by the Multi-Unit Developer.

(e) If Multi-Unit Developer or its principals shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in Multi-Unit Developer, and Multi-Unit Developer or its principals shall obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser, Multi-Unit Developer shall notify Franchisor in writing of each offer, and Franchisor shall have the right and option, exercisable within a period of 30 days from the date of delivery of this offer, by written notice to Multi-Unit Developer or its owners, to purchase the rights under this Agreement or this ownership interest for the price and on the terms and conditions contained in said purchaser's offer. If Franchisor does not exercise its right of first refusal, Multi-Unit Developer or its principals may complete the sale of Multi-Unit Developer or this ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section 8.2, provided that if this sale is not completed within 120 days after delivery of this offer to Franchisor, Franchisor shall again have the right of first refusal herein provided. In the event that the Multi-Unit Developer wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Multi-Unit Developer, said public offering shall be subject to the approval of Franchisor, this approval to not be unreasonably withheld.

8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multi-Unit Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, *inter alia*, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Franchisor before execution. Multi-Unit Developer's failure to comply with this Section 8.3 shall constitute a material default of this Agreement.

## 9. ~~9~~-FORCE MAJEURE

In the event that Multi-Unit Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Franchisor.

## 10. ~~10~~-CONFIDENTIALITY

10.1 Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Multi-Unit Developer any trade secrets, techniques, methods or processes except the

material contained in Franchisor's Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Multi-Unit Developer acknowledges that its knowledge of Franchisor's know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to it by Franchisor and that the information is proprietary, confidential and a trade secret of Franchisor. Multi-Unit Developer agrees to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the term of this Agreement. Multi-Unit Developer shall divulge the material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Big Air Trampoline Facilities. It is expressly agreed that the ownership of all the items and property is and shall remain vested solely in Franchisor.

10.2 Multi-Unit Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Multi-Unit Developer may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor shall be free to make the disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

## 11. ~~H~~ **NONCOMPETITION**

11.1 Multi-Unit Developer has heretofore specifically acknowledged that, pursuant to this Agreement, Multi-Unit Developer will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Multi-Unit Developer covenants that during the term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Franchisor, Multi-Unit Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

(a) Divert or attempt to divert any business or customer of the Big Air Trampoline Facilities 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 Franchisor's Marks or the System;

(b) Employ or seek to employ any person who is at that time employed by Franchisor or by Multi-Unit Developer or any other Multi-Unit Developer or franchisee of Franchisor, or otherwise directly or indirectly induce this person to leave his or her employment; or

(c) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Big Air Trampoline Facilities.

11.2 Multi-Unit Developer covenants that, except as otherwise approved in writing by Franchisor, Multi-Unit Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the Big Air Trampoline Facility and which

is located within a radius of 100 miles of the Development Territory hereunder or within a radius of a 100 miles of the location of any Multi-Unit Developer, company-owned Big Air Trampoline Facility, affiliate owned Big Air Trampoline Facility, or franchisee-owned Big Air Trampoline Facility under the System which is in existence on the date of expiration or termination of this Agreement.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by Multi-Unit Developer of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation provided that Multi-Unit Developer has no management responsibility or advisory responsibility with such publicly-traded company.

11.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Multi-Unit Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 Multi-Unit Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Agreement, or any portion thereof, without Multi-Unit Developer's consent, effective immediately upon receipt by Multi-Unit Developer of written notice thereof, and Multi-Unit Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 Multi-Unit Developer 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 Section 11. Multi-Unit Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11 provided Franchisor prevails in any or all of its claims against Multi-Unit Developer.

11.7 Multi-Unit Developer acknowledges that Multi-Unit Developer's violation of the terms of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Multi-Unit Developer accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Multi-Unit Developer in violation of the terms of this Section 11.

11.8 At Franchisor's request, Multi-Unit Developer shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with Multi-Unit Developer) from any or all of the following persons: (a) all directors and managers of each Big Air Trampoline Facility; (b) all officers, directors and holders of a beneficial interest of 5% or more of the securities of Multi-Unit Developer and of any corporation directly or indirectly controlling Multi-Unit Developer if Multi-Unit Developer is a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Multi-Unit Developer is a limited liability company or partnership. All covenants required by this Section 11 shall be in forms satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of these

covenants with the independent right to enforce them. Failure by Multi-Unit Developer to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

## **12. ~~12~~-ENTIRE AGREEMENT**

This Agreement, along with the Franchise Disclosure Document, constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. Nothing in the Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Multi-Unit Developer any rights to grant sub-franchises in the Development Territory.

## **13. ~~13~~-MONTHLY REPORTS**

Multi-Unit Developer agrees that it shall provide to Franchisor a monthly report of its activities and progress in developing and establishing Big Air Trampoline Facilities as provided herein. The monthly reports shall be submitted no later than the 5<sup>th</sup> day following the end of the preceding month during the term of this Agreement.

## **14. ~~14~~-INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 It is acknowledged and agreed that Multi-Unit Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Multi-Unit Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Multi-Unit Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Multi-Unit Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having this authority.

14.2 Multi-Unit Developer agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multi-Unit Developer's carrying out its obligations hereunder.

## **15. ~~15~~-COMPLIANCE WITH APPLICABLE LAWS**

Multi-Unit Developer shall develop all Big Air Trampoline Facilities in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, including all child care laws, child safety laws, and laws related to the operation of amusement parks and facilities, ordinances and regulations (where applicable) and agrees to promptly pay all financial obligations incurred in connection therewith. Multi-Unit Developer must obtain all business licenses and permits required for the operation of a Big Air Trampoline Facility by federal,

state, and local laws, ordinances, rules and regulations before operating any Big Air Trampoline Facility.

#### **16. ~~16~~-CHANGE IN DEVELOPMENT TERRITORY**

The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Multi-Unit Developer's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Multi-Unit Developer understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals or families in the Development Territory, Franchisor will expect the Multi-Unit Developer to establish additional Big Air Trampoline Facilities within the Development Territory. While Franchisor will not require the Multi-Unit Developer to establish the additional Big Air Trampoline Facilities, Franchisor will strongly encourage Multi-Unit Developer to do so. Any additional Big Air Trampoline Facility shall be governed by Franchisor's then-current form of individual Franchise Agreement.

#### **17. ~~17~~-SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

#### **18. ~~18~~-APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of California, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et. seq.*). The parties expressly consent to personal jurisdiction in the State of California and agree that, except as set forth in Section 21, the state and federal court(s) located in Ladera Ranch, California will have exclusive jurisdiction for the purposes of carrying out this provision.

#### **19. ~~19~~-RECEIPT OF DOCUMENTS**

Multi-Unit Developer acknowledges receipt of the Disclosure Document, Multi-Unit Development Agreement, Franchise Agreement, and other contracts for the Big Air Trampoline Facility at least 14 calendar days before execution hereof or payment of any monies.

#### **20. ~~20~~-NOTICE**

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Multi-Unit Developer shall be conclusively deemed to have been received by Multi-Unit Developer upon the delivery or attempted delivery of this notice to Multi-Unit Developer's address listed herein, or the changed address.

**To Franchisor:**

BIG AIR FRANCHISING, LLC  
999 Corporate Drive #215,  
Ladera Ranch, CA 92694  
Attention: Kevin Odekirk

**Notice to Multi-Unit Developer:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**21. ~~21~~-ARBITRATION**

21.1 The parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the development rights by Multi-Unit Developer shall be finally resolved by submitting this matter to binding arbitration under the auspices of, and using the commercial arbitration rules of, the American Arbitration Association as such rules are in effect as of the date the demand for arbitration is filed. Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the American Arbitration Association or such other arbitration body as the parties mutually agree upon, and the arbitrator shall be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in the American Arbitration Association offices in Ladera Ranch, California. Each party shall bear its own costs and attorney fees and one-half of the arbitrator’s expenses. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. The Multi-Unit Developer knows, understands, and agrees that it is the intent of the parties that any arbitration between Franchisor and the Multi-Unit Developer shall be of the Multi-Unit Developer’s individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis, and Multi-Unit Developer hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis.

21.2 Notwithstanding any provision contained in this Section 21, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Multi-Unit Developer that may be necessary to protect its trademarks or other rights or property. However, in Franchisor’s sole discretion, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Multi-Unit Developer be entitled to make, the Multi-Unit Developer shall not make, and the Multi-Unit Developer hereby waives, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by the Multi-Unit Developer that Franchisor has unreasonably withheld or

unreasonably conditioned or delayed any consent or approval to a proposed act by the Multi-Unit Developer under any of the terms of this Agreement. The Multi-Unit Developer's sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

## **22. ~~22~~-MODIFICATION BY FRANCHISOR**

Franchisor may modify and update its Operations Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the Big Air Trampoline Facilities, and Multi-Unit Developer shall exclusively incur the costs of any change in the Big Air Trampoline Facility or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manual, the System or the Marks is developed by Multi-Unit Developer, then Multi-Unit Developer agrees to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Franchisor an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

## **23. ~~23~~-ACKNOWLEDGEMENTS**

23.1 Multi-Unit Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Multi-Unit Development Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Multi-Unit Development Agreements or franchise agreements are or will be identical.

23.2 Multi-Unit Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

23.3 Multi-Unit Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multi-Unit Developer.

23.4 Multi-Unit Developer acknowledges that it received from Franchisor this Agreement with all blanks filled in at least seven calendar days before the execution of this Agreement.

23.5 Multi-Unit Developer acknowledges and accepts the following:

THE SUCCESS OF THE MULTI-UNIT DEVELOPER IN MANAGING AND OPERATING MULTIPLE BIG AIR TRAMPOLINE FACILITIES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, MULTI-UNIT DEVELOPER'S INDEPENDENT BUSINESS ABILITY. MULTI-UNIT DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE BIG AIR TRAMPOLINE FACILITIES RESTS SOLELY WITH MULTI-UNIT DEVELOPER. MULTI-UNIT DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO

REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE MULTI-UNIT DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO MULTI-UNIT DEVELOPER AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER MULTI-UNIT DEVELOPER'S BUSINESS. MULTI-UNIT DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

**[SIGNATURES ON THE FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

**FRANCHISOR:**

**BIG AIR FRANCHISING, LLC,  
a California limited liability company**

By: \_\_\_\_\_  
President

**MULTI-UNIT DEVELOPER:**

\_\_\_\_\_  
a(n) \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MULTI-UNIT DEVELOPMENT AGREEMENT**  
**ATTACHMENT A**  
**DESCRIPTION OF DEVELOPMENT TERRITORY**

**ATTACHMENT A**

**DESCRIPTION OF THE DEVELOPMENT TERRITORY**

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**AREA DEVELOPMENT FEE**

Number of Big Air Trampoline Facilities \_\_\_\_\_

multiplied by \$10,000:

Total Multi-Unit Development Fee:        \$ \_\_\_\_\_

**MULTI-UNIT DEVELOPMENT AGREEMENT**  
**ATTACHMENT B**  
**DEVELOPMENT SCHEDULE**

**ATTACHMENT B**  
**DEVELOPMENT SCHEDULE**

<b>Big Air Trampoline Facility</b>	<b>Development Period</b>	<b>Execution Deadline</b>	<b>Projected Opening Date</b>
1	_____ to _____		
2	_____ to _____		
3	_____ to _____		
4	_____ to _____		
5	_____ to _____		

**MULTI-UNIT DEVELOPMENT AGREEMENT**  
**ATTACHMENT C**  
**PERSONAL GUARANTY**

## ATTACHMENT C

### PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the “**Agreement**”) dated \_\_\_\_\_, 20\_\_\_\_, by and between **Big Air Franchising, LLC**, a California limited liability company (“**Franchisor**”) and \_\_\_\_\_ (“**Multi-Unit Developer**”), each of the undersigned Personal Guarantors agrees as follows:

1. The Personal Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Multi-Unit Developer under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements signed by Multi-Unit Developer in order to open and operate the Big Air Trampoline Facilities (as defined in the Agreement), and the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word “**indebtedness**” is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Multi-Unit Developer, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Personal Guarantors are independent of the obligations of the Multi-Unit Developer and a separate action or actions may be brought and prosecuted against any or all of the Personal Guarantors, whether or not actions are brought against the Multi-Unit Developer or whether the Multi-Unit Developer is joined in any action.

3. Franchisor shall not be obligated to inquire into the power or authority of the Multi-Unit Developer or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Multi-Unit Developer’s behalf and any obligation or indebtedness made or created in reliance upon the exercise of this power and authority shall be guaranteed hereunder. Where the Personal Guarantors are corporations, limited liability companies, or partnerships it shall be conclusively presumed that the Personal Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind these corporations, limited liability companies, or partnerships and that these corporations, limited liability companies, or partnerships have the express power to act as the Personal Guarantors pursuant to this Personal Guaranty and that this action directly promotes the business and is in the interest of these corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may occasionally, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the

original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Multi-Unit Developer and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Personal Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Personal Guarantors and the death of any Personal Guarantor shall not terminate the liability of the Personal Guarantor or limit the liability of the other Personal Guarantors hereunder.

7. If more than one person has signed this Personal Guaranty, the term “**the undersigned**,” as used herein shall refer to each person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

**IN WITNESS WHEREOF**, each of the undersigned has signed this Personal Guaranty under seal effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Home Address

\_\_\_\_\_ Home Address

\_\_\_\_\_ Home Telephone

\_\_\_\_\_ Home Telephone

\_\_\_\_\_ Business Telephone

\_\_\_\_\_ Business Telephone

\_\_\_\_\_ Date

\_\_\_\_\_ Date

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Home Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Home Telephone

\_\_\_\_\_  
Home Telephone

\_\_\_\_\_  
Business Telephone

\_\_\_\_\_  
Business Telephone

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**MULTI-UNIT DEVELOPMENT AGREEMENT**  
**ATTACHMENT D**  
**STATEMENT OF SHAREHOLDERS/  
MEMBERS/PARTNERS**

**ATTACHMENT D**

**STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS**

The shareholders, members, or partners (collectively the “**Shareholders**”) of the Multi-Unit Developer and their respective shareholdings are as follows:

<b>NAME OF SHAREHOLDER</b>	<b>NUMBER AND DESIGNATION OF SHARES</b>	<b>OWNERSHIP PERCENTAGE</b>
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# **EXHIBIT D**

## **BIG AIR FRANCHISING, LLC**

### **LIST OF CURRENT FRANCHISEES, FORMER FRANCHISEES AND CORPORATE LOCATIONS**

## EXHIBIT D

### LIST OF CURRENT FRANCHISEES, FORMER FRANCHISEES AND CORPORATE LOCATIONS

As of December 31, ~~2016~~2017

#### CURRENT FRANCHISEES

Dustin Pelletier  
11 Ridgewood Drive  
Greenville, SC 29615  
864-414-6300

Jon Cox  
7022 Willow Trace Lane,  
Matthews, NC 28104  
903-387-9061

#### FORMER FRANCHISEES

None

#### CORPORATE LOCATIONS

##### STATE ADDRESS

##### CALIFORNIA

23251 Avenida de la Carlota, Laguna, CA 92653  
8303 On the Mall, Buena Park, CA 90620

##### FRANCHISES NOT YET OPERATIONAL

<b>STATE</b>	<b>ADDRESS</b>
<b>CALIFORNIA</b>	
	<del>23251 Avenida de la Carlota, Laguna, CA 92653</del>
	<del>8303 On the Mall, Buena Park, CA 90620</del>
	<del>1101 California Street Redlands, CA 92374</del>

Vicki Cassidy  
30 Hawk Hill  
Mission Viejo, CA 92692  
949-922-8211



# **EXHIBIT E**

## **BIG AIR FRANCHISING, LLC**

### **LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT E**

**LIST OF STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
<b>GEORGIA</b>	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
<b>HAWAII</b>	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>LOUISIANA</b>	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
<b>NEW HAMPSHIRE</b>	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
<b>NEW YORK</b>	Bureau of Investor Protection and Securities New York State Department of Law <del>120 Broadway, 23rd</del> <a href="#">128 Liberty Street, 21<sup>st</sup> Floor</a> New York, NY <del>10271</del> <a href="#">10005</a> 212-416- <del>8222</del> <a href="#">8000</a>	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
<b>SOUTH CAROLINA</b>	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>UTAH</b>	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>WISCONSIN</b>	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

# **EXHIBIT F**

## **BIG AIR FRANCHISING, LLC STATE-SPECIFIC ADDENDUM**

## EXHIBIT F

### TO FRANCHISE DISCLOSURE DOCUMENT OF BIG AIR FRANCHISING, LLC STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT

The provisions of this State Law Addendum to Franchise Disclosure Document and Franchise Agreement (“**State Addendum**”) apply only to those persons residing or operating Big Air Trampoline Businesses in the following states:

#### CALIFORNIA

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

~~Pursuant to Title 10, Section 310.113.5 of the California Code of Regulations, Franchisor has posted a surety bond in the amount of \$250,000 with the Commissioner of Corporations of the State of California as a means of assuring financial capability of Franchisor’s performance of its obligations under the franchise and other agreements. This requirement is based on the Franchisor’s financial statements. The franchisor has executed a surety bond in Colorado in the amount of \$250,000 with Hartford Fire Insurance Company, a corporation duly organized under the laws of the State of Connecticut, and authorized to do business in California, policy number 34BSBET4986, effective from September 11, 2007 until the surety is released from liability by the Commissioner of Corporations of the State of California, or until the bond is cancelled by the surety.~~ The Franchisor agrees to ~~impound~~defer all initial franchise fees ~~in a financial institution in the State of California~~ until the franchisor has completed all of its pre-opening obligations to the franchisee, and the franchisee is ready to open for business.

**Item 17 of the FDD is revised to include the following:**

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

Neither the Franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. A. 78a et seq., suspending or expelling the persons from membership in the association or exchange.

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.).

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

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

The franchise agreement requires binding arbitration. This arbitration will occur in Denver, Colorado with the costs being born by the losing party. 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 provision of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims if you transfer your Franchise or your Multi-Unit Development Agreement. California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). The business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).

The franchise agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of the Franchise Agreement.

Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at [www.corp.ca.gov](http://www.corp.ca.gov).

## **HAWAII**

The following is added to the Cover Page:

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

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

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

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

None

2. This proposed registration is or will shortly be on file in the following states:

California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, Wisconsin

3. States which have refused, by order or otherwise, to register these franchises are:

None

4. States which have revoked or suspended the right to offer the franchises are:

None

5. States in which the proposed registration of these franchises has been withdrawn are:

None

**ILLINOIS**

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

In Illinois, the Initial Franchise Fee, the Facility, Marketing and Training Fee and the Multi-Unit Development Fee will not be payable until such time as you commence operations of your Big Air Trampoline Facility and the Franchisor has completed its pre-opening obligations to Franchisee. This requirement has been imposed by the Illinois Attorney General's Office based on the franchisor's financial condition. In consideration of this requirement, at the time franchisee signs the Franchise Agreement, franchisee agrees to provide us with evidence that franchisee has deposited the Initial Franchise Fee, the Multi-Unit Development Fee and other initial payments into a separate and segregated bank account owned and controlled by franchisee. Franchisee must maintain the entire balance of the Initial Franchise Fee, the Multi-Unit Development Fee and other initial payments owed to franchisor in this separate deposit account until we have completed our pre-opening obligations under the Franchise Agreement and the Initial Franchise Fee and all other initial payments owed by franchisee under the Franchise Agreement and/or Multi-Unit Development Agreement are payable to us. We reserve the right to require franchisee to produce evidence of the existence and balance of the above-referenced deposit account at any time until

franchisee has paid all monies due to us. Franchisee's failure to maintain such required balances at any time shall entitle us to terminate the Franchise Agreement and/or Multi-Unit Development Agreement.

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement and Multi-Unit Development Agreement is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement and Multi-Unit Development Agreement are amended accordingly.

Item 17.v, Choice of Forum, of the Franchise Disclosure Document is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

Item 17.w, Choice of Law, of the Franchise Disclosure Document is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and Franchise Disclosure Document may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **INDIANA**

The “Summary” column in Item 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Colorado. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-

of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Colorado law applies.

The first sentence in Section 20.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act, or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Colorado, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws shall prevail in the event of any conflict of law.

Section 14.2(b) of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

14.2(b) Non-Competition. Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by the Franchisee, neither the Franchisee, the Designated Business Manager nor the Franchisee’s owners will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two (2) years, in any Competitive Business in the Territory.

Section 19.3 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

19.3 Except as otherwise provided in this Section, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by the Franchisee or any person in privity with or claiming through, on behalf of or in the right of the Franchisee, concerning the entry into, performance under, or termination of, this Agreement or any other agreement entered into by the Franchisor, or its subsidiaries or affiliates, and the Franchisee, any claim against a past or present employee, officer, director, member, shareholder or agent of the Franchisor; any claim of breach of this Agreement; and any claims arising under State or Federal laws, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. “**Persons in privity**” with or claiming through, on behalf of or in the right of the Franchisee include but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held in the state of Colorado. However, arbitration will not be used for any dispute which involves the Franchisee’s continued usage of any of the Proprietary Marks or the System, business concept or any issue involving injunctive relief against the Franchisee or any issues related to disclosure or misuse of Confidential Information or Trade Secrets, all of which issues will be submitted to a court within the State of

Indiana. The parties expressly consent to personal jurisdiction in the State of Indiana and agree that these court(s) will have exclusive jurisdiction over any such issues not subject to arbitration. This language has been included in this Franchise Agreement as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The first paragraph of Section 6 of the Nondisclosure And Noncompetition Agreement is hereby deleted in its entirety and the following is substituted in its place:

6. Post-Termination Covenant Not to Compete. Upon termination or expiration of the Franchise Agreement for any reason, Associate agrees that, for a period of 2 years commencing on the effective date of termination or expiration of the Franchise Agreement, Associate will not have any direct or indirect interest (through any immediate family member of Associate or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating in the Territory.

Section 11 of the Nondisclosure And Noncompetition Agreement is hereby deleted in its entirety and the following is substituted in its place:

11. Governing Law. Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, this instrument shall be governed by and construed under the laws of the State of California.

Section 12 of the Nondisclosure And Noncompetition Agreement is hereby deleted in its entirety and the following is substituted in its place:

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Indiana, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Indiana. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Indiana. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's law shall control.

## MARYLAND

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore all initial franchise fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

~~In consideration of this requirement, at the time franchisee signs the franchise agreement, franchisee agrees to provide us with evidence that franchisee has deposited the initial franchise fee and other initial payments into a separate and segregated bank account owned and controlled by franchisee. Franchisee must maintain the entire balance of the initial franchise fee and other initial payments owed to franchisor in this separate deposit account until we have completed our pre-opening obligations under the franchise agreement and the initial franchise fee and all other initial payments owed by franchisee under the franchise agreement are payable to us. We reserve the right to require franchisee to produce evidence of the existence and balance of the above-referenced deposit account at any time until franchisee has paid all monies due to us. Franchisee's failure to maintain such required balances at any time shall entitle us to terminate the franchise agreement.~~

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal, sale and/or assignment/transfer, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

Representations in the Statement of Franchisee and the Acknowledgement therein are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Sec. 101 *et seq.*).

**The following is added to the Franchise Agreement as Section 3.4(a)(1):**

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**The following is added to the Franchise Agreement as Section 20.8:**

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and disclosure Law must be brought within 3 years after the grant of the franchise.

**The following is added to the Franchise and Multi Unit Development Agreements:**

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of a liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure law.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**FRANCHISEE:**

**BIG AIR FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

**MINNESOTA**

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 13 of the Franchise Disclosure Document and Section 10.3(a) of the Franchise Agreement are amended to state that we will protect you against claims of infringement or unfair competition regarding your use of the Marks when your right to use the Marks requires protection.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

**NEW YORK**

The following is added to the Risk Factors on the cover page:

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE**

**NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.**

Item 3 of the Franchise Disclosure Document is modified to read as follows:

Neither Big Air Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Big Air Franchising, LLC's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither Big Air Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Big Air Franchising, LLC's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Big Air Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Big Air Franchising, LLC's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent.

Item 4 of the Franchise Disclosure Document is modified to read as follows:

Neither Big Air Franchising, LLC, its affiliate, its predecessor, officers or general partner during the ten year period immediately before the date of the franchise disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of Item 5 of the Franchise Disclosure Document:

We use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you and for other expenses.

The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows:

**THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.**

Item 17.w. of the Franchise Disclosure Document is revised to read as follows:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33. This language has been included in this Franchise Disclosure Document as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

The following shall be added at the end of Section 20.1 of the Franchise Agreement:

Provided however, that all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the General Business Law (GBL) of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provision of GBL 687.4 and 687.5 be satisfied.

Section 12.3 is added to the Franchise Agreement as follows:

Notwithstanding Section 12.2, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor.

The following shall be added to Section 20.1 of the Franchise Agreement:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Franchise Disclosure Document as a condition of registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

## **NORTH DAKOTA**

The Franchise Agreement and Non-Disclosure and Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

ITEM 5 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are amended by the addition of the following language to the original language:

“In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.”

## **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The Franchise Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

## **SOUTH DAKOTA**

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

The South Dakota Division of Securities requires us to defer payment of the initial franchise fee owed by franchisee to franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In consideration of this requirement, at the time franchisee signs the franchise agreement, franchisee agrees to provide us with evidence that franchisee has deposited the initial franchise fee into a separate and segregated bank account owned and controlled by franchisee. Franchisee must maintain the entire balance of the initial franchise fee owed to franchisor in this separate deposit account until we have completed our pre-opening obligations under the franchise agreement and the initial franchise fee owed by franchisee under the franchise agreement is payable to us. We reserve the right to require franchisee to produce evidence of the existence and balance of the above-referenced deposit account at any time until franchisee has paid all monies due to us. Franchisee's failure to maintain such required balances at any time shall entitle us to terminate the franchise agreement.

## **VIRGINIA**

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

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 franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In consideration of this requirement, at the time franchisee signs the franchise agreement, franchisee agrees to provide us with evidence that franchisee has deposited the initial franchise fee and other initial payments into a separate and segregated bank account owned and controlled by franchisee. Franchisee must maintain the entire balance of the initial franchise fee and other initial payments owed to franchisor in this separate deposit account until we have completed our pre-opening obligations under the franchise agreement and the initial franchise fee and all other initial payments owed by franchisee under the franchise agreement are payable to us. We reserve the right to require franchisee to produce evidence of the existence and balance of the above-referenced deposit account at any time until franchisee has paid all monies due to us. Franchisee's failure to maintain such required balances at any time shall entitle us to terminate the franchise agreement.

## **WASHINGTON**

**Item 5 of the Franchise Disclosure Document, Section 5.1 of the Franchise Agreement and Section 3.2 of the Multi-Unit Development Agreement are revised to include the following:**

The State of Washington Department of Financial Institutions requires us to defer payment of the initial franchise fee owed by franchisee to franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the franchisee is open for business. In consideration of this requirement, at the time franchisee signs the franchise agreement, franchisee agrees to provide us with evidence that franchisee has deposited the initial franchise fee into a separate and segregated bank account owned and controlled by franchisee. Franchisee must

maintain the entire balance of the initial franchise fee owed to franchisor in this separate deposit account until we have completed our pre-opening obligations under the franchise agreement and the initial franchise fee owed by franchisee under the franchise agreement is payable to us. We reserve the right to require franchisee to produce evidence of the existence and balance of the above-referenced deposit account at any time until franchisee has paid all monies due to us. Franchisee's failure to maintain such required balances at any time shall entitle us to terminate the franchise agreement.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

**Item 17(d) of the Franchise Disclosure Document is revised to include the following to the Summary Column:**

“Franchisees may terminate under any grounds permitted by law.”

#### **ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**BIG AIR FRANCHISING, LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**BIG AIR FRANCHISING, LLC**

**OPERATIONS MANUAL TABLE OF CONTENTS**

## EXHIBIT G

### OPERATIONS MANUAL TABLE OF CONTENTS

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**EXHIBIT H**

**BIG AIR FRANCHISING, LLC**

**NONDISCLOSURE AND NONCOMPETITION**

**AGREEMENT**

## EXHIBIT H

### NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (“**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between **Big Air Franchising, LLC**, a California limited liability company (“**Company**”), located at 999 Corporate Drive #215, Ladera Ranch, CA 92694 and \_\_\_\_\_ (“**Associate**”), who resides or has a principal place of address at \_\_\_\_\_.

#### RECITALS

A. The Company is engaged in the business of selling franchises for the operation of a business offering indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products (“**Franchise Business**”). The Franchise Business is operated under the Company’s “BIG AIR TRAMPOLINE PARK and LOGO” and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively “**Marks**”).

B. The Company has developed methods for establishing, operating and promoting Franchise Businesses pursuant to the Company’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company (“**Confidential Information**” and “**Trade Secrets**”) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company.

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of its System, which goodwill and reputation have been and will continue to be of major benefit to the Company.

D. Associate desires to become involved with the Company or a franchisee of the Company in the capacity of an officer, partner, director, agent, manager, employee, Designated Business Manager or as a beneficial owner of the Franchise Business, or is an immediate family member or domestic partner of a principal owning an interest in the Franchise Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee’s Obligations form.

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Company and other franchisees of the Company. Associate agrees to the terms of this Agreement as partial consideration for the Company’s willingness to allow Associate to engage in a business relationship with Company or a franchisee of the Company using the Company’s Confidential Information and Trade Secrets.

**NOW THEREFORE**, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. Definitions.

(a) “**Associate**” shall mean the individual or entity described on page 1 of this Agreement and the Associate’s managers, officers, beneficial owners, directors, employees, partners, members, principals and immediate family members.

(b) “**Competitive Business**” as used in this Agreement means any business operating in competition with or similar to the Franchise Business, and specifically offering indoor trampoline recreation and party center featuring trampolines, foam pits, rock climbing walls and other elements and the sale of related products; provided, however, Associate will not be prohibited from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934.

(c) “**Confidential Information**” shall mean without limitation, all knowledge, know-how, standards, formulas, methods and procedures related to the establishment and operation of the Franchise Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchise Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information which the Company or its affiliates designate as confidential including all information contained in the Company’s Operations Manual, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Company or its affiliates, which may be changed or supplemented from time to time.

(d) “**Franchise Agreement**” shall mean the franchise agreement between Company and \_\_\_\_\_, dated \_\_\_\_\_, as amended or renewed from time to time.

(e) “**Territory**” shall have the meaning defined in the Franchise Agreement.

(f) “**Term**” shall have the meaning defined in the Franchise Agreement.

(g) “**Trade Secret(s)**” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(h) All other capitalized terms not defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

2. Confidential Information and Trade Secrets. Associate and the Company acknowledge that the Confidential Information and Trade Secrets which are developed and utilized in connection with the operation of the Franchise Business are unique and the exclusive property of the Company or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Associate further acknowledges that the Company or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information and Trade Secrets. During the Term and any Successor Term of the Franchise Agreement and for a period of 2 years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements in this Section 3 will remain in place for as long as such information constitutes a Trade Secret), Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information or Trade Secrets of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to the Associate through no fault of the Associate; (b) information that entered the public domain after it was communicated to the Associate through no fault of the Associate; (c) information that was in the Associate's possession free of any obligation of confidence at the time it was communicated to the Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Associate is legally compelled to disclose the information, if the Associate has notified the Company before disclosure and used the Associate's best efforts, and afforded the Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Company of confidential treatment for the information required to be so disclosed.

5. Noncompetition Covenant. Associate acknowledges that the Company must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with the Company. Associate further acknowledges that the Confidential Information and Trade Secrets would not have been divulged to the Associate absent the Associate's agreement to strictly comply with the provisions of this Agreement. Associate therefore agrees that, other than the Franchise Business licensed under the Franchise Agreement, Associate will not during the Term and Successor Term of the Franchise Agreement:

- (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

(b) perform services as a manager, officer, beneficial owner, director, principal, employee, partner, member, consultant, representative, agent or otherwise for a Competitive Business; or

(c) divert or attempt to divert any business related to, or any customer or account of the Franchise Business, the Company's business, the business of any affiliate of the Company or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

6. Post-Termination Covenant Not to Compete. Upon termination or expiration of Associate's relationship with the Company, the Franchise Business or the Franchise Agreement for any reason, Associate agrees that, for a period of 2 years commencing on the effective date of termination or expiration of the Franchise Agreement, Associate will not have any direct or indirect interest (through any immediate family member of Associate or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating: (a) in the Territory or any other franchisee's territory; (b) within 100 miles of the Territory or any other franchisee's Territory; or (3) within 100 miles of any Company or Company's affiliate owned Franchise Business.

The restrictions of this Section 6 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

The parties have attempted in this Agreement to limit the Associate's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Sections 5 and 6 are disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Sections 5 and 6 to the extent that it deems necessary to make such provisions enforceable under applicable law. THE ASSOCIATE EXPRESSLY ACKNOWLEDGES THAT THE ASSOCIATE POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE ASSOCIATE OF THE ABILITY TO EARN A LIVING.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds. Associate's sole remedy, in the event of the entry of such injunctive relief, shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate. In any litigation, arbitration or other proceeding concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being

litigated, arbitrated or otherwise relating to any claimed “prior breach” on the part of the Company; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Company will entitle or permit the Associate to disclose any such Confidential Information and Trade Secrets in any circumstances.

8. Effect of Waiver. The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law. This instrument shall be governed by and construed under the laws of the State of California; provided, however, the parties agree that the covenant against competition will be governed by the law of the state in which the franchisee operates the franchised business.

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of California, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of California. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of California. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state’s laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

14. Attorneys’ Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys’ fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys’ fees shall be included as part of such judgment.

**IN WITNESS WHEREOF**, the parties have signed this Agreement on the date first above written.

**COMPANY:**

**ASSOCIATE:**

**BIG AIR FRANCHISING , LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT I**

**BIG AIR FRANCHISING, LLC**

**STATEMENT OF FRANCHISEE**

**EXHIBIT I**

**STATEMENT OF FRANCHISEE**

**[Note: Dates and Answers Must be Completed in the Prospective Franchisee’s Own Handwriting]**

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Big Air Franchising, LLC (also called “**Big Air Trampoline**”, the “**Franchisor**” or “**we**”), and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

Date	Initials	
1. _____, 20__	_____	The date on which I received a Franchise Disclosure Document regarding the Big Air Trampoline Business.
2. _____, 20__	_____	The date of my first face-to-face meeting with Marketing Representative to discuss a possible purchase of a Big Air Trampoline Business.
3. _____, 20__	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4. _____, 20__	_____	The date on which I signed the Franchise Agreement.
5. _____, 20__	_____	The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Franchisor.

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side agreements,” options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or an attached written Addendum signed by me and Big Air Trampoline, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, “side agreements” or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by

me and an officer of Big Air Trampoline, were made to me by any person or entity, nor have I relied in any way on same, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from the Big Air Trampoline Business was made to me by any person or entity, nor have I relied in any way on same, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written addendum signed by me and Big Air Trampoline :

---

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Big Air Trampoline has strongly recommended that I obtain such independent advice. I have also been strongly advised by Big Air Trampoline to discuss my proposed purchase of Big Air Trampoline Business with any existing Big Air Trampoline franchisees prior to signing any binding documents or paying any sums and Big Air Trampoline has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk of loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a Big Air Trampoline Business or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Big Air Trampoline Business, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, sound judgment, and extremely hard work.

8. If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Big Air Trampoline (Phone: (844) 550-5867 and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained),

from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

**PROSPECTIVE FRANCHISEE:**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**MARKETING REPRESENTATIVE:**

\_\_\_\_\_  
Date

**REVIEWED BY FRANCHISOR:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT J**

**BIG AIR FRANCHISING, LLC**

**RECEIPT**

**EXHIBIT J**  
**RECEIPT**  
**(Retain This Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Big Air Trampoline Park offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Big Air Trampoline Park must provide this disclosure document to you at your first personal meeting to discuss the franchise or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Big Air Trampoline Park does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit E**.

The name, principal business address and telephone number of each franchise seller offering the franchise Greg Briggs, 999 Corporate Drive, Unit 215, Ladera Ranch, CA 92694 (844) 550-5867 and Kevin Odekirk, 999 Corporate Drive, Unit 215, Ladera Ranch, CA 92694 (844) 550-5867

Issuance Date: April 19, ~~2017~~2018

See **Exhibit E** for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 19, ~~2017~~2018 that included the following Exhibits:

- Exhibit A: Financial Statements
- Exhibit B: Franchise Agreement
- Exhibit C: Multi-Unit Development Agreement
- Exhibit D: List of Current Franchisees and Former Franchisees
- Exhibit E: List of State Agencies and Agents for Service of Process
- Exhibit F: State-Specific Addendum
- Exhibit G: Operations Manual Table of Contents
- Exhibit H: Nondisclosure and Noncompetition Agreement
- Exhibit I: Statement of Franchisee
- Exhibit J: Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

**Please sign this copy of the receipt, date your signature, and return it to Kevin Odekirk, Big Air Franchising , LLC, 999 Corporate Drive #215, Ladera Ranch, CA 92694.**

**EXHIBIT J**

**RECEIPT  
(Our Copy)**

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If Big Air Trampoline Park does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit E**.

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