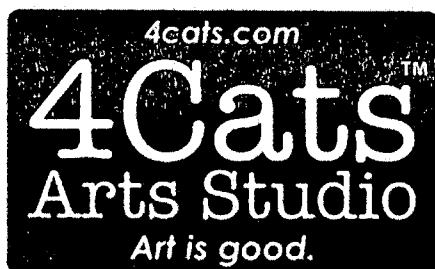


MAR 28 2011

FRANCHISE DISCLOSURE DOCUMENT



4Cats US Enterprises, Inc.
a California corporation
44 Highgate Rd.
Kensington, CA 94707
(510) 685-9501
www.4cats.com

The franchises described in this disclosure document are for the operation of a **4CATS ARTS STUDIO™** business that provides arts education programs and products for children ages 2 to 15 in a professional studio. The total investment necessary to begin operation of a franchised Studio is \$71,900 to \$103,000. This includes \$40,000 initial franchise fee that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Joey Simon at the above address and telephone number.

The terms of your contract will govern your franchise relationship. Do not 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 accountant.

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

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

Issuance Date: March 25, 2011

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 C** for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS MAY BE SETTLED BY ARBITRATION IN THE COUNTY WHERE OUR CORPORATE HEADQUARTERS IS LOCATED, CURRENTLY SAN FRANCISCO COUNTY, 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 HOME STATE.
2. ARBITRATION WILL NOT BE USED FOR ANY DISPUTE WHICH INVOLVES A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF AGAINST FRANCHISEE, ALL OF THESE ISSUES WILL BE SUBMITTED TO A STATE OR FEDERAL COURT HAVING JURISDICTION OVER THE ISSUE INVOLVED. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN CALIFORNIA OVER ANY SUCH ISSUES NOT SUBJECT TO ARBITRATION.
3. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE THE STUDIO IS LOCATED GOVERNS THE AGREEMENT.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: _____ (California)

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EXHIBITS:

- A. Franchise Agreement and Related Materials
 - Development Territory/Minimum Sales Quota
 - Guaranty Agreement
 - Telephone Listing Agreement
 - Manager/Supervisor Confidentiality Agreement
 - Authorization For Automatic Payments
 - Sample of General Release
- B. State Addenda to Franchise Agreement
- C. State Agents and State Administrators
- D. Confidentiality Agreement
- E. List of Current and Former Franchisees
- F. Financial Statements
- G. Receipts

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

To simplify the language in this disclosure document, the words "**We**", "**Us**", or "**Our**" mean the franchisor, 4Cats US Enterprises, Inc. "**You**" or "**Your**" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership or other business entity. Bold face terms are for ease of reference only.

The Franchisor

We are a California corporation formed on September 20, 2010 to franchise and administer 4CATS ARTS STUDIO™ businesses ("**Studios**"). We do not do business under any other name and our principal business address is currently 44 Highgate Rd., Kensington, CA 94707. Our agents for service of process are listed on **Exhibit C**.

We do not have any predecessor or parent, but We do have one commonly owned and controlled entity, 4Cats Enterprises, Inc., a British Columbia corporation ("**4Cats Canada**"), which sells franchises in Canada, and 4Cats Arts Academy Ltd; ("**Academy**"), a British Columbia corporation which owns the trademarks used in our franchise system (the "**Marks**"). The corporate offices of 4Cats Canada and Academy are located at 280 Upper East 5th Ave, Vancouver, B.C., Canada V5T-1H3.

Academy opened its first Studio located in Kitsilano, B.C. during 2004. By 2010, Academy had opened and was operating a total of ten (10) Studios, all located in southern British Columbia. Academy began offering 4CATS ARTS STUDIO franchises in Canada in February 2009. The 10 studios it was operating were sold to franchisees during 2010.. In January 2010, 4Cats Canada was created to franchise and administer Studios in Canada.

As of March 1, 2011, there are 32 Canadian franchised Studios and 2 California Studios. The California Studios which are open and those which will be franchised are similar to the Canadian Studios. Neither We, 4Cats Canada nor Academy have offered franchises in any other line of business.

Description of the Franchise

We offer franchises for the operation of a Studio specializing in providing arts education programs and products for children ages 2 to 15 in a professional art studio using the 4CATS ARTS STUDIO trademark and other Marks as part of a business system developed by Academy, 4Cats Canada and Us.

Each Franchise will be use Our operated unique System, Our valuable know how, information, trade secrets, methods, Manual, standards, designs,

methods of trademark usage, copyrightable works, Products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the Studios. We reserve the right to change or otherwise modify the System and add, modify, or delete any of our Products or services at any time in our sole discretion.

You must operate Your Studio in accordance with System and sign Our standard franchise agreement ("**Franchise Agreement**"), which is attached to this Disclosure Document as **Exhibit A**. Studios typically range in size from 600 to 1,200 square feet. They will accommodate from 30 to 75 persons and are typically located as high visibility end caps in small shopping centers and select malls. The Studios emphasize well trained, efficient and extremely personable instructors who are dedicated to cultivating the child's natural ability to see and think like an artist. Each 4Cats Studio employs approximately two (2) full time employees.

Competition; Industry Regulation

The market for offering art programs for children is developing and highly competitive. You will compete with a variety of local, regional and national companies, franchised or independent, offering art programs for children that may have financial, personnel, and technical resources far greater than Us or You. The market for arts programs for children is developed in some major metropolitan areas and is undeveloped in other areas. Before signing a Franchise Agreement, You will be expected to survey Your market to determine the number of competitors, the number of facilities and children they are likely servicing, and the perceived quality of their programs and materials. There are no regulations which are specific to the industry, but You will be required to obtain local licenses and sales tax permits.

Dollar Amounts

Unless specified to the contrary, all dollar amounts in this FDD are expressed in United States Dollars.

ITEM 2. BUSINESS EXPERIENCE

The business experience of Our officers, directors and key management for the last five years is as follows:

Chief Executive Officer and Chairman: Joey Simon

Ms. Simon has been Our CEO and Chairman since We were formed in September 2010. She has been the President of Academy since January 2005 and Chairman and CEO of 4Cats Canada since January 2010. Ms. Simon created the 4Cats Arts Studio concept and has taught in Our System since its inception.

President of Creativity & Development: Darryl Simon

Mr. Simon has been Our President of Creativity & Development since We were formed in September 2010. He has been the President of Creativity & Development of Academy since January 2005 and of 4Cats Canada since January 2010.

Director of Development, Training and Support: Theresa Wong

Ms. Wong has been Our Director of Development, Training and Support since December 2010. She has been the Director of Development, Training and Support of 4Cats Canada since February 2010. Ms. Wong attended Emily Carr University of Art & Design in Vancouver B.C. from September 2005 through April 2009 and graduated with a degree in Communication Design. During school and after graduation, she worked with the Fraserview Boys and Girls Club as an Activity Leader.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee:

You must pay Us an initial franchise fee of \$40,000 when You sign the Franchise Agreement. Except as described below, this fee is fully earned when the Franchise Agreement is signed, and is not refundable. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees.

If We elect to cancel the Franchise Agreement before You successfully complete the Initial Training, We will refund to You the Initial Franchise Fee less Our expenses. Any such refund is subject to Your entering into a further agreement pertaining to non-competition, confidentiality and other issues as described in the Franchise Agreement.

Initial Inventory Kit:

You must purchase the initial inventory of proprietary Studio equipment, office supplies, art materials, teaching curriculum and marketing materials from 4Cats Canada at non-refundable estimated cost of \$20,000. You must purchase the initial inventory after You have successfully completed training and before opening Your Studio.

ITEM 6. OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE
Continuing Franchise Fee	10% of Gross Sales (2)	Monthly (3)
Local Marketing Spending	1% of Gross Sales (2)(4)	As Incurred
Advertising and Promotional Fund Fee	3% of Gross Sales (2)(5)	Monthly (3)
Renovation/Redecoration	\$1,000 (6)	As Incurred
Required Materials	\$1,000 to \$3,500 (7)	Monthly (3)
JackRabbit Class Management Software	\$35 to \$170 depending on the number of students.	Monthly (3)
Additional Training	\$650 per person (8)	Prior to Training
Annual Conference	Proportionate share (9)	Prior to Conference
Supplier Approval Fee	Reasonable amount for Our costs and efforts (currently \$1,000)	Upon request for approval
Late Payment Fees	\$100.00 plus interest on late amounts at 18% or highest legal rate. (10)	Upon Invoice
Reimbursement and Penalty Fees	As Incurred (11)	Upon Invoice
Inspection	As Incurred (12)	Upon Invoice
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding
Transfer Fee	30% of then current initial fee, plus Our expenses	Before actual transfer
Renewal Fee	20% of then current initial fee, plus Our expenses	Prior to Renewal
Audit	Reasonable Accounting and Legal Fees (13)	Upon invoice
Indemnification	Amount of claim and costs incurred (14)	Upon Demand

FOOTNOTES:

- (1) You must pay all of these payments to Us. None of these fees are refundable for any reason except errors. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes).
- (2) "**Gross Sales**" is defined in the Franchise Agreement and includes all amounts received for sales in or from the Studio. "Gross Sales" does not include sales taxes or similar taxes, discounts, refunds or proceeds from the sale of furniture, equipment or similar items used in the Studio.
- (3) You must pay these fees by the 10th of each month or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. You must submit for each designated period a sales report and ensure that each account has sufficient funds for the transfer.
- (4) You must spend at least this amount monthly to conduct local advertising and sales programs for Your Studio. If an advertising cooperative is established in Your area, You must join it and contributions to it will be applied toward this obligation.
- (5) Further details regarding the system-wide advertising fee can be found in Item 11, under the subheading "Marketing Fee."
- (6) In addition to Your ongoing lease costs, You will be required to renovate and/or redecorate Your Studio as specified by Us approximately every 6 to 8 months. We estimate the costs of these periodic alterations at \$1,000 per occasion.
- (7) You must purchase certain supplies, inventory and other items from 4Cats Canada pursuant to the Franchise Agreement. The monthly orders depend on the number of students Your Studio is serving.
- (8) You must attend this training. For all training, You must pay for Your (and if applicable, Your employees') wages, benefits, travel, lodging and meal expenses. If Our trainers must travel to give You training, You must pay Our then-current per diem charges for those trainers and reimburse Us for their travel, lodging and meal expenses.
- (9) You must pay a proportionate share of Our out-of-pocket costs (Franchise Agreement 11.2(c)). You must pay for Your (and Your employees') wages, benefits, travel, lodging and meal expenses.

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

FOOTNOTES:

- (10) We may change the late fee on 30 days notice.
- (11) You must pay Us for the costs incurred due to any returned checks, declined charges and similar defaults.
- (12) You must pay Us for the costs incurred if We must make more than two (2) inspections per inspection period due to Your repeated or continuing failure to comply with the Franchise Agreement. You must pay Our actual costs, including travel expenses, such as lodging, meals, and transportation, and wages of Our representative or designee.
- (13) In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our audit cost if You have understated Gross Sales by more than 3% of the actual Gross Sales found by the audit or if examination or audit is necessitated by Your failure to timely furnish information or documents. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between \$1,000 and \$5,000.
- (14) You must indemnify Us for claims relating to Your operation of the Studio.

[INTENTIONALLY BLANK]

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee (1)	\$40,000	\$40,000	Lump Sum	Signing of Franchise Agreement	Us
Training Travel and Living Expenses (2)	\$700	\$3,000	As Incurred	During Training	Airlines, Hotels, Studios
Lease Deposit (3)	\$3,000	\$0,000	As Negotiated	Signing of Lease	Lessor
Construction Costs (4)	\$1,200	\$5,000	As Negotiated	Prior to Opening Studio	Suppliers and Contractors
Initial Inventory (5)	\$20,000	\$25,000	Lump Sum	As Incurred	4Cats Canada
Plans, Permits, and Licenses (6)	\$200	\$4,000	As Incurred	Prior to Opening	Suppliers
Signage	\$800	\$2,000	As Incurred	Upon Invoice	Suppliers
Miscellaneous (7)	\$1,000	\$4,000	As Incurred	Prior to Opening	Suppliers, Utilities, Us, Etc.
Additional Funds – Three Months (8)	\$5,000	\$10,000	Lump Sum	Prior to Opening	Employees, Suppliers, Utilities
TOTAL (9)	\$71,900	\$103,000			

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

FOOTNOTES:

- (1) You must pay the initial franchise fee when You sign the Franchise Agreement. It is not refundable for any reason.
- (2) You must pay for the expenses of attendance, such as lodging, meals, transportation and wages of trainees. Each Studio must have at least one trained and certified manager. The cost of these expenses will depend on the distance You must travel, type of accommodations, the number of Your employees attending training and their wages.
- (3) These estimates are based on the assumption that You will lease Your Studio, which typically contains approximately 600 to 1,200 of indoor space. This amount normally will include payment of the first month's rent and a deposit in the same amount. The levels of rent vary widely from area to area and for different locations within the same area. A location within a mall or large shopping center may be smaller but require higher rent. You should investigate all these costs in the area where You wish to establish Your Studio.
- (4) Lessors will often contribute to the cost of remodeling or constructing the space for Your Studio. You will follow our standard development procedures and adapt them to meet the specific requirements of Your proposed Studio.
- (5) The initial inventory consists primarily of proprietary Studio equipment, office supplies, art materials, teaching curriculum and marketing materials. The amount will vary depending on the sales volume You anticipate as well as current market prices. The Manual contains a list of mandatory items for new Studios with instructions for various site variations. Although You are not prohibited from doing so, We do not recommend that You purchase additional or upgraded items other than as specified in the Manual.
- (6) You must obtain all necessary business permits, franchise and approvals to operate the Studio. The costs of these licenses and other licenses and permits vary widely from area to area. You should contact an attorney and the government authorities in Your area for information about the cost and level of difficulties in obtaining all necessary permits.

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

FOOTNOTES:

- (7) Insurance is included in this amount. You should have funds for one year's estimated insurance premium for property and liability insurance. The cost of insurance varies depending on many factors. You should contact your insurance agent and obtain an estimate of Your actual insurance costs.
- (8) This category includes estimated payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Studio. We have assumed that You will not have any employees other than Your owner during start-up. If You have employees You must also budget for their wages and benefits. We cannot guarantee that You will not have additional expenses starting Your business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Studio products, the prevailing wage rate, competition, and the sales level reached during the initial period.
- (9) Except for security deposits, none of the above payments are expected to be refundable. We will not finance any of these payments. The above are all estimates based on Our experience with the company Studios, but Your costs will depend to a great extent on Your area and Your decision on each issue.

[INTENTIONALLY BLANK]

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Studio must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to our specifications before any work is begun. You must equip and supply Your Studio from Us or suppliers previously approved by Us ("**Approved Suppliers**").

You will be obligated to make 100% of your inventory purchases from Approved Suppliers. We may negotiate purchase arrangements with suppliers including price terms for the benefit of franchisees and the Studios operated and supported by Academy.

The cost of equipment, materials and supplies purchased from Us, 4Cats Canada or approved suppliers will represent 90% to 95% of your total purchases in establishing Your Studio, and 80% to 85% of your total purchases in operating Your franchise.

You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs and to participate in these programs. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

During the last fiscal year, We did not receive any revenues or rebates as a result of franchisee purchases. As of December 31, 2010, 4Cats Canada's revenues as a result of franchisee purchases were approximately C\$555,185 or 41% of its total revenues of C\$1,369,085.

We do not have any purchasing or distribution cooperatives. If We receive rebates from suppliers based on Franchisee purchases, We use the funds to benefit the System. None of Our officers own an interest in an Approved Supplier.

We will approve additional suppliers. If you want to purchase items from another supplier, you may request Our "Supplier Approval Form" and pay Our Supplier Approval Fee of up to \$1,000. Based on the information and samples you supply Us, We will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. We will complete Our review promptly, generally within 90 days.

ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ("FA"). 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 Disclosure Document
a. Site Selection and acquisition/lease	FA: §5	Items 1, 11
b. Pre-opening purchases/leases	FA: §5	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §5, 17, 18.1	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §11	Items 1, 11, 17
e. Opening	FA: §5.1	Items 5, 7, 11
f. Fees	FA: §9	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §§12, 15	Items 1, 11
h. Trademarks and proprietary information	FA: §§19, 20	Items 13, 14
i. Restrictions on products & services offered	FA: §14	Items 8, 16
j. Warranty and customer service requirements	FA: §§6,7, 15.4	Item 1
k. Territorial development and sales quotas	FA: §2	Items 1, 12
l. Ongoing product/service purchases	FA: §§4.6, 4.7, 4.8	Items 8, 16

m. Maintenance, appearance & remodeling requirements	FA: §15	Item 17
n. Insurance	FA: §11	Item 7
o. Advertising	FA: §16	Items 6, 7, 11
p. Indemnification	FA: §10.2	Item 13
q. Owner's participation/management/staffing	FA: §§4, 21.3	Item 15
r. Records/ Reports	FA: §13	Items 6, 11
s. Inspections/Audits	FA: §22	Item 17
t. Transfer	FA: §§25	Items 6, 17
u. Renewal	FA: §3.2, 9.7	Items 6, 17
v. Post termination obligations	FA: §27	Item 17
w. Non-competition covenants	FA: §21	Items 5, 17
x. Dispute resolution	FA: §§19.9, 20.4, 21.5, 32	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee Your note, lease or other obligation. There are no waiver of defenses or similar provisions in any note, contract or other instrument executed by franchisees with Us.

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Studio, We will:

1. Loan you a copy of our confidential operating Manual and guidelines, which contains mandatory and suggested specifications, standards, operating procedures, purchases and rules, in written and/or electronic form (Franchise Agreement, Section 10.1 and 12.1).
2. Conduct an operations training course for You or Your Managing Owner (Franchise Agreement, Section 11).
3. Approve, if it meets Our standards and specifications for approval, plans submitted by You for the design of Your Studio (Franchise Agreement, Section 5.3).
4. Approve, if it meets Our standards and specifications for approval, the lease or purchase agreement for Your Studio (Franchise Agreement, Section 5.3).
5. Provide You with guidelines for purchasing required curriculum, manuals and related materials (Franchise Agreement, Section 10.1(ii)).
6. Assist You in developing a marketing program designed for Your Studio's initial opening (Franchise Agreement, Sections 10.1(f)).
7. Advise You in opening Your Studio and being available to assist with its operations as reasonably needed in Our opinion (Franchise Agreement, Section 10.1(h)).

B. Post-opening. During the operation of Your Studio, We will:

1. Advise and assist You with operating Your Studio as reasonably needed in Our opinion (Franchise Agreement, Section 10.2).
2. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 11.2).
3. Conduct at Our discretion an annual conference to discuss and review new business, marketing, technology and educational ideas and concepts (Franchise Agreement, Section 11.2(c)).

4. Develop and administer at Our discretion advertising and promotion programs designed to promote the collective success of all Studios (Franchise Agreement, Section 16).
5. At Our discretion provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items (Franchise Agreement, Section 16.3).
6. Establish and maintain the Advertising and Promotion Fund ("**Marketing Fund**") (Franchise Agreement, Section 16.2).
7. Develop a Fund Policy containing procedures and guidelines for disbursements from the Marketing Fund (Franchise Agreement, Section 16.2).
8. Deposit Marketing Fund Fees received into separate accounts (Franchise Agreement, Sections 16.2).
9. Make periodic visits to Your Studio as We deem advisable (Franchise Agreement, Section 22.1).

C. Site Selection.

You must select a site that meets Our approval. We will help You select a site for Your Studio. Within three months after execution of the Franchise Agreement, You should have located and obtained Our approval for the site of Your Studio. If You have not done so, We may grant You one or two 30 day extensions, after which the Franchise Agreement will be considered as abandoned if there is no approved site and canceled without refund.

We will consider as part of site approval a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, traffic patterns of the area as well as specific size, parking and other physical characteristics of the proposed site itself. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness.

D. Time Before Opening.

We believe that based upon Academy's experience, You should typically open a Studio within two to five months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a lease for acceptable premises, financing arrangements, building or sign permits

or delays caused by zoning or local ordinances, weather conditions, labor strikes, shortages of products and installation of equipment, fixtures and signs.

You must open the Studio within 30 days after You or Your Managing Owner has successfully completed Our Initial Training. If You have not done so, We may at our discretion grant You a fifteen day extension, after which the Franchise Agreement will be considered as abandoned and canceled without refund.

E. Advertising.

We will develop marketing, promotion and advertising programs designed to promote 4CATS ARTS STUDIO Studios. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We currently conduct marketing at a trade area level to encourage visits from potential as well as prior customers. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

If advertising or promotion materials are available from Us, You may not use or create other advertising materials. If advertising materials are not available from Us, You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval takes between 10 and 30 days.

All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your territory and that Your advertising must be approved by Us as stated above.

Local Advertising. You must spend 1% of Your Studio's Gross Sales monthly for pre-approved local advertising and promotion of Your Studio in its trade area. You must submit confirmation of Your Local Advertising following the procedures and timing requirements designated in the Manual.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Studio is located, You must join, actively participate in and contributions to it will be applied towards Your Local Advertising obligation. The Ad Co-op may also serve as means of exchanging ideas, sharing information and problem solving. The Ad Co-op members may agree to additional funding in accordance with its established Bylaws. We will oversee each Ad Co-op. If You are in default of the Franchise Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements and these will be available to You upon request.

Marketing Fund. You must contribute up to 3% of Your Studio's Gross Sales to the **Marketing Fund** which will be used to develop and administer marketing programs designed to increase sales for all Studios system-wide. Advertising may be in the form of print ads, radio, television or electronic media and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in house advertising to create and place advertising. All interest earned on monies contributed to the Marketing Fund and any funds received from suppliers based on Franchisee purchases will be used for the same purpose. Marketing Fund contributions will not be targeted to advertise or sell franchises.

The purpose of the Marketing Fund is to develop advertising and marketing programs that will benefit all Studios wherever located. We cannot ensure that the Marketing Fund's expenditures will be equally beneficial or proportionate to each Studio's contributions.

We will account for monies in the Marketing Fund separately from Our other funds. Money from the Marketing Fund may be used to pay Us for the reasonable salaries, administrative costs, travel expenses and overhead incurred by Us in the administration of the Fund and its programs. We will prepare an annual unaudited statement of monies collected and costs of the Fund and provide it to You upon Your written request. Studios operated by Academy will contribute to the Marketing Fund at the same rate as Franchisees.

F. Computers; Computer Programs.

Your Studio must have a point of sale and computer system as specified in the Manual, which will operate Our currently approved software and allow You to participate in the Network. Your Studio must also have one or more modems, fax machine, polling systems, computerized safe systems and a telephone answering machine capable of voice mail recovery. We may require you to

upgrade or update Your equipment, such as the computers, other hardware, programs, fax machine and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing a broadband hook-up and other utilities for the Studio.

We will have independent access to the information that will be generated or stored in any electronic cash register or computer system, such as financial and marketing information. There are no contractual limitations on Our right to access this information.

If We establish an online management and communication system for Studio Operations, You must participate fully with its requirements as stated in the Manual. You must use the JackRabbit Class Management software for your Studio or any comparable future program or software that We designate.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at \$1,000 to \$1,500. Your annual maintenance costs are estimated at \$300. None of the above are proprietary properties of Us, 4Cats Canada or Academy, and We are not obligated to provide or assist You in obtaining the above items or services.

G. Confidential Manuals.

You may review Our Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. **(Exhibit D)**

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H. Training.

As of March 31, 2011, Our Initial Training Program consisted of two parts. The first part of training will be delivered online during an approximately fifteen (15) day period, and the second part of training, which will take four (4) days, will be in person either in Vancouver, B.C. or at a Studio near You.

INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF TRAINING	LOCATION
Computer Systems	4 hours	Online
Operations & Administration	6 hours	Online
Sales and Marketing	6 hours	Online
Accounting and Bookkeeping	3 hours	Online
Class Software Management	6 hours	Online
Studio Set Up	6 hours	Online
Product Knowledge and Art Techniques	12 hours	Online
Curriculum and Teaching Classes	24 hours	Online
Studio Set up	72 hours	Online
On Site Training	4 Days	Your Studio or 4Cats Canada headquarters in Vancouver, B.C.

NOTES:

- (1) Pre-Training: We will provide You with pre-training materials and You will be responsible for completing the pre-training activities before starting Initial Training.
- (2) Initial Training: You may complete Our initial training without payment of any training fees to Us. You or Your Managing Owner must personally participate and successfully complete Our Initial Training Program. We may terminate the Franchise Agreement for failure to successfully complete this training course. All of the above training must be successfully completed to Our satisfaction before opening Your Studio.
- (3) Our Initial training will be conducted online through online seminars, videos and manuals. The second part of initial training is a four (4) day training program which You or Your Managing Owner must personally attend.
- (4) Onsite Training: After successfully completing Your online training, We will provide onsite training for four (4) days at a 4Cats Studio in Vancouver, B.C. You will be responsible for all Your and /or Your personnel's travel, lodging and food costs. At Your option, We will provide in person training at Your studio or a Studio near, in which case You will be responsible for paying the then-current per diem charges for Our trainer, plus one-half of the airfare and the actual and reasonable travel, lodging and meal expenses for Our trainer. Our current per diem charge for onsite training is \$100. The total estimated cost for onsite training in Your Studio is \$700 to \$900 dollars.
- (5) The instructors will include Certified Trainers and Certified Training Managers, each of whom have experience in Studio operations with Us or with other arts education programs.
- (6) We may modify Our training programs at any time. We may develop audio-visual and other training materials at a reasonable charge. At present, training is completed in one to two months after signing Your Franchise Agreement.
- (7) The actual hours will depend on a variety of factors, including the trainee's prior experience and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.
- (8) Follow-up Training: We may make announced or unannounced inspections of Your Studio. As We deem necessary, We may require that You and Your personnel attend follow-up training as We designate. You will be responsible for paying our then-current fees training fees. Currently, Our training fee is \$650 per person.

Training may be conducted at an existing Studio of Our choosing. You must pay for all travel, lodging, wages and food costs for You and Your personnel. If follow-up training is held within Your Designated Territory, You also must bear the then-current per diem charges for Our trainers and the actual and reasonable travel, lodging and meal expenses of those trainers. Our current per diem charge is \$250. The duration of the follow-up training will typically be six (6) hours, but the length of time will depend on a variety of factors.

(9) Ongoing Training: As We deem necessary, We may require that You and Your personnel attend additional online training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training. . Under normal circumstances, the additional training will not occur more than once a year. The duration of this training will typically be six (6) hours, but the length of time will depend on a variety of factors.

ITEM 12. TERRITORY

You must operate Your Studio only from a specific location selected by You and approved by Us. You may not relocate the Studio without Our written consent which we will not unreasonably withhold.

You and We will agree upon a Designated Territory for You, which will typically be described by zip codes or perhaps by a map. The minimum Designated Territory will typically be two (2) miles radius from Your Studio unless Your Studio is in a "high density area" (as defined below). Your Designated Territory is exclusive to the extent stated in this section. We will not operate or grant franchises for similar or competitive businesses within the Designated Territory defined in Your Franchise Agreement. You cannot advertise or solicit orders within another Franchisee's defined territory.

The Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or company-owned Studios or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than 4CATS ARTS STUDIO. We may offer You marketing rights for these services under specified terms and conditions.

We reserve the right within Your Designated Territory: (1) to use or license others to use the Marks and other trademarks to offer and sell services different from those offered by You; and (2) to operate or authorize others to operate a businesses under different trademarks. We may offer You marketing rights for these services and businesses under specified terms and conditions.

If marketing rights for the above Additional Programs are made available to You, You will have 30 days to accept or reject those rights. Your acceptance of those Additional programs may be conditioned on You agreeing to incur additional expenses, participate in additional training, be subject to an increased monthly minimum franchise fee, and/or comply with other terms that We may specify.

We have the sole and exclusive right to produce, license, distribute and market products using the Marks or other marks through any Studio anywhere and through any distribution channels. You will not receive any of these rights.

We reserve the right to contact international, national or regional clients with headquarters or locations within Your Designated Territory for any purpose, including the purpose of promoting the use or increased use of Studio services and products.

We have the discretion to determine what is to be considered a **"high density area"**, which will typically be an area with a high degree of pedestrian traffic such as a downtown portion of an urban area with high rise commercial buildings or a densely populated residential area with primarily multi-family or apartment units, in which event You and We will agree on the area, if any, in which You will have the above territorial protection.

We do not have the right to modify Your Designated Territory during the term of the Franchise Agreement, but We may modify the Designated Territory on renewal or transfer of the Franchise (Sections 3.2 and 25.2 of the Franchise Agreement). You maintain rights to Your Territory even though the population increases. You will have no options, rights of first refusal or similar rights to acquire additional franchises within the Designated Territory or contiguous territories.

You must receive Our approval before relocating the Studio. Any request to relocate Your Studio will be either approved or denied within 90 days of Our receipt of all relevant information. You maintain rights to Your Designated Territory even though the population increases.

Once Your Studio has been in operation for at least 12 months, Your rights to the Designated Territory and Your right to continue to operate the franchise are dependent upon Your meeting the minimum annual Gross Sales quota specified in Attachment 1 of Your Franchise Agreement. Your minimum annual Gross Sales quota will be at least \$100,000. We may increase the minimum Gross Sales quota annually based on increases in the Consumer Price Index. If You fail to achieve Your minimum Gross Sales Quota, We may terminate your Franchise Agreement. If you elect to market Additional Programs, higher minimum annual Gross Sales Quotas may be required.

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ITEM 13. TRADEMARKS

You will receive the right to operate a Studio under the name 4CATS ARTS STUDIO. You may also use other current or future Marks as We designate to operate Your Studio. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your business. We have applied for registration of the following Marks on the United States Patent and Trademark Office ("USPTO") Principal Register:

<u>Mark</u>	<u>Serial Number</u>	<u>Filing Date</u>
4CATS ARTS STUDIO	85126924	9/10/2010

We do not have a federal registration for Our principal trademark. Therefore, Our trademark does not have many legal benefits and rights as a federally registered trademark. If Our right to use the trademark is challenged, You may have to change to an alternative trademark, which may increase Your expenses.

The above marks are owned by 4Cats Arts Academy Ltd. who has licensed Us the right to use of the Marks in a written license agreement. All required affidavits have been filed. You must follow Our rules when You use any of the Marks.

You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as We license to You. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time. No agreements limit Our right to use or franchise the use of the Marks. We do not know of any infringing uses that could materially affect Your use of the Marks.

You must notify Us immediately after learning about an infringement of or challenge to Your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We and 4Cats Arts Academy, Ltd. have the sole right to control administrative proceedings or litigation regarding any trademark infringements.

We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us and used properly by You. You must modify or discontinue the use of a trademark if We modify or discontinue it. You must not contest 4Cats Arts Academy Ltd. or Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVD and CD diskettes, electronic emails and confidential information. Although We have not made a copyright filing for these materials, We claim a copyright and the information is proprietary.

Our Manual, instructional materials, software and all other information relating to the System provided to You by Us, whether in writing or in verbal or electronic communication, are proprietary and confidential and a trade secret of Ours. All documents provided to You, including the Manual, may not be reproduced, lent or shown to any person outside Our system. You must have each employee sign a Confidentiality Agreement before you allow access to Our manuals or any other proprietary and confidential information.

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

If You are a legal entity such as a corporation, partnership or limited liability company, one of Your owners must be approved by Us to be Your full-time representative and Managing Owner. All of Your owner(s) must personally guarantee the Franchise Agreement. Any breach of this guarantee by any such person will be deemed a breach of the Franchise Agreement. The Guaranty Agreement is Attachment 2 in the Franchise Agreement.

You or (if You are an entity) Your Managing Owner must have successfully completed Our training program and will personally manage and participate in the actual day-to-day operation of the Studio. You or Your Managing Owner must be onsite for 60% of the classes. Neither You nor (if You are an entity) Your owners may have an interest or business relationship with any of Our business competitors.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. You must obtain Our prior written approval for any other products and services to be sold by Your Studio. If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual.

We may change the types of authorized products and services that you must offer from Your Studio. There are no limits on Our rights to make such changes.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	FA: §3.1	Initial term of Franchise is 7 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for successive 7 year terms if certain conditions are met. "Renewal" may require You to sign a contract with materially different terms and conditions than Your original contract.
c. Requirements for renewal or extension.	FA: §3.2	4-12 months notice, no defaults during last 12 months, material and timely compliance with franchise during initial term, satisfied all monetary obligations owed to Us and Your suppliers, good standing of You and Your principal officers, payment of renewal fee and signing of new franchise agreement.
d. Termination by You.	FA: §26.5	After Notice, We have 30 days or such longer period, as it is reasonably necessary to cure defaults. You must have satisfied all monetary obligations owed to Us and Your suppliers and execute a general release.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	FA: §§9.1, 26	We can terminate only if You default. We can also terminate the Franchise Agreement if you have not completed Initial Training to Our satisfaction.

g. "Cause" defined as defaults which can be cured.	FA: §26.3 FA: §26.4	You have 30 days after notice to cure (except defaults in payment to Us, in which case You only have ten days to cure after notice). Includes defaults in other franchise agreements with Us. No cure period for default repeated twice within any twelve-month period. If you fail to meet a Gross Sales Quota, We will give You written notice to cure. If you do not meet the Gross Sales Quota for the following year, We may require You to sell Your business, failing which We may terminate Your Franchise Agreement.
h. "Cause" defined as defaults which cannot be cured.	FA: §§26.1, 26.2	Non-curable defaults: Failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, or violation of health and safety laws, conviction of crime involving moral turpitude, failure to operate the franchise, or improperly disclose proprietary information, failure to obtain consent to transfer rights or offer first right of refusal, or underpay or underreport any amount by 5% or more for 3 month period.
i. Obligations on termination.	FA: §27	Immediate obligations include no more use of telephone numbers, email addresses, trademarks or proprietary information, remove all Marks, return Our manuals, delivery of client, instructor, employee and independent contractor lists, and de-identify the Studio. (See also the Guarantee and Non-competition Agreements)
j. Assignment of contract by Us.	FA: §25.1	No restriction on Our right to assign.
k. "Transfer" by You-definition	FA: §25.2, 25.3	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §25.2	We have the right to approve all third party transfers but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §25.2	No default, assets of the Studio in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee and release and non-competition agreement signed by You.

n. Our right of first refusal to acquire your business.	FA: §25.5	We can match any offer for the franchised business.
o. Our option to purchase your business	None	
p. Your death or disability.	FA: §25.6	Approval by Us of heir or sale within six months to an approved buyer.
q. Non-competition covenants during the term of the franchise.	FA: §7, 21	No interest in a Studio or similar business offering the same or similar services to those sold in a Studio (" Similar Business ").
r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: §21	No interest in any Similar Business for 2 years within territory of any other franchisee or within Your territory.
s. Modification of the agreement.	FA: §28	Only written and signed modifications but Manual subject to change.
t. Integration/ merger clause.	FA: §28	The agreement between the parties is limited to the agreement and other documents referred to therein. Nothing in the agreement is intended to disclaim the representations made in Our Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation.	FA: §32	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located (" Home County ").
v. Choice of forum	FA: §32	Except for certain claims, any arbitration or litigation must be in Home County.
w. Choice of Law.	FA: §32	Law of state where Your Studio is located applies.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises but may do so in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Studios. We also do not authorize Our employees or representatives to make any such representation either orally or in writing. If You are purchasing an existing Studio, however, We may provide You with the actual records of that Studio.

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 Our President Joey Simon at 44 Highgate Rd., Kensington, CA 94707; (510) 685-9501, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20: STUDIOS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE STUDIOS SUMMARY
For Fiscal Years 2008 to 2010

Column 1 Studio Type	Column 2 Year	Column 3 Studios of the Start of the Year	Column 4 Studios at the End of the Year	Column 5 Net Change
Franchised	2008	0	0	0
	2009	0	4	4
	2010	4	29	25
Company Owned	2008	5	9	4
	2009	9	6	-3
	2010	6	0	-6
Total Studios	2008	5	9	4
	2009	9	10	1
	2010	10	29	19

Note: Our Fiscal Year ends December 31. The "Company-owned Studio" shown in these tables were operated by Academy, which Our owners control. "Franchised Studios" shown in this table are located in British Columbia, Canada.

Table No. 2

TRANSFERS OF STUDIOS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) For Fiscal Years 2008 to 2010

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2008	0
	2009	0
	2010	1

Table No. 3

**STATUS OF FRANCHISED STUDIOS
For Fiscal Years 2008 to 2010**

Column 1 State & Province	Column 2 Year	Column 3 Studios at Start of Year	Column 4 Studios Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Studios at End of the Year
California	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
British Columbia	2008	0	0	0	0	0	0	0
	2009	0	4	0	0	0	0	4
	2010	4	25	0	0	0	0	29
Total	2008	0	0	0	0	0	0	0
	2009	0	4	0	0	0	0	4
	2010	4	25	0	0	0	0	25

Table No. 4

**STATUS OF COMPANY STUDIOS
For Fiscal Years 2008 to 2010**

Column 1 State	Column 2 Year	Column 3 Studios at Start of Year	Column 4 Studios Opened	Column 5 Studios Reacquired from Franchisees	Column 6 Studios Closed	Column 7 Studios Sold to Franchisees	Column 8 Studios at End of the Year	Column 9 Totals
British Columbia	2008	5	5	0	1	0	9	9
	2009	9	1	0	0	4	6	6
	2010	6	0	0	0	6	0	0

**Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2010**

STATE	FRANCHISE AGREEMENTS SIGNED BUT BUSINESS NOT OPENED	PROJECTED FRANCHISED NEW BUSINESSES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED BUSINESSES OPENINGS IN NEXT FISCAL YEAR
California	0	5	1
Totals	0	5	1

As of December 31, 2010, We had not sold any franchises and did not have any former franchisees. During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees.

As of December 31, 2010, 4Cats Canada has 29 Franchised Studios. A list of current 4Cats Canada franchisees is attached as Exhibit E. You should be aware that We are required by law to disclose Your contact information to other franchise purchasers if You become a franchisee or leave Our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with Our System and no such association has asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements are attached as **Exhibit F**.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

Exhibit A:	Franchise Agreement with Exhibits
Exhibit B:	State Addenda to the Franchise Agreement
Exhibit D:	Confidentiality Agreement for Manual

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit G** at the very end of this disclosure document.

It is important that you sign, date and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us. Thank you.

Our Franchise Seller is Joey Simon. Her address and telephone number are: 280 Upper East 5th Ave, Vancouver, B.C. Canada V5T 1H3; (778) 997-2246.