KiDSPaRK®

FRANCHISE DISCLOSURE DOCUMENT

KidsPark, Inc.
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KidsPark® franchisees operate hourly, drop-in childcare centers, preschool programs and private parties for children from 2 to 12 years of age.

The estimated total investment necessary to begin operation of a *KidsPark®* center franchise is $215,500 to $405,500, including the initial franchise fee of $25,500 that must be paid to the franchisor.

The initial franchise fee described above is discounted for franchisees who commit to develop multiple units when they sign the franchise agreement. In that case, you pay the applicable franchise fee for the first franchised business at the same time you sign the franchise agreement. You also pay the ½ of the initial franchise fees for the additional Centers you will open. This amount ranges from $34,425 (to develop 2 Centers) to $48,450 (to develop 4 Centers) or higher to develop more than 4 Centers. These fees are non-refundable in certain circumstances so please review Item 5 of this disclosure and relevant portions of the Franchise Agreement for details. The total investment necessary to begin operation of a franchised business with multiple Center commitments ranges from $233,350 to $451,400 (or more to develop more than 4 units).

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 any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Leslie Gamez at the above address and at (408) 213-0970.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's

Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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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 CERTIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY FACE-TO-FACE MEETING AND 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 MEET AND ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR TERRITORY EXCLUSIVITY MAY, AT OUR OPTION, DEPEND UPON YOUR MAINTAINING AN ENROLLMENT OF 1,400 FAMILIES, AND AN ANNUAL AVERAGE OF 40 NEW FAMILIES PER MONTH, AFTER THE 20TH MONTH OF OPERATION.

4. YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS A GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HASN'T SIGNED ANYTHING. IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Certain state laws may supersede these provisions. See Item 17 and State Addenda in Exhibit D, if any, for a summary of some of these laws.