

FRANCHISE DISCLOSURE DOCUMENT



Modo Yoga International Inc.
a British Columbia corporation
301 Epron Road
Salt Spring Island, British Columbia
V8K 1C7 Canada
Telephone: 1-888-966-9642
Email: newstudios@modoyoga.com

The franchisee will operate a yoga studio under the name Modo Yoga, followed by the name of the territory in which the franchisee's yoga studio is located. For example, a yoga studio located in Seattle will operate under the name Modo Yoga Seattle.

The total investment necessary to begin operations ranges from \$348,850 to \$905,350. This includes \$15,350 that must be paid to the franchisor or 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 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 the New Studios Coordinator at 301 Epron Road, Salt Spring Island, British Columbia V8K 1C7 Canada, newstudios@modoyoga.com and (866) 966-9642.

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, 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.

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STATE COVER PAGE
Modo Yoga International, Inc.

Your state may have a franchise law that requires a franchisor to register or file with the 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 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 BOTH YOU AND US TO WAIVE TRIAL BY JURY.
2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION IN LOS ANGELES 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 OWN STATE.
3. THE FRANCHISE AGREEMENT STATES THAT DELAWARE 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.
4. IF YOU DO NOT HAVE A LETTER OF INTENT FOR A LEASE OF A STUDIO WITHIN 180 DAYS OF THE DATE OF THE FRANCHISE AGREEMENT, YOUR FRANCHISE AGREEMENT MAY BE TERMINATED BY US.
5. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY.
6. THE FRANCHISOR IS A START-UP COMPANY THAT HAS ONLY JUST BEGUN TO OFFER FRANCHISES. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER TO MAKE THIS INVESTMENT.

7. THE FRANCHISOR IS A START-UP COMPANY THAT HAS A LIMITED FINANCIAL CONDITION. YOU SHOULD REVIEW THE FRANCHISOR'S FINANCIAL STATEMENTS BEFORE YOU MAKE THIS INVESTMENT.
8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates

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