

ITEM 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Offering Circular “**Hollywood Paws**” or “**we**” means Hollywood Paws Franchising, LLC, the “**Franchisor**”. “**You**” means the person, corporation, partnership or other business entity that buys the franchise, the “**Franchisee**”. If you are a business entity, “**You**” includes your owners.

The Franchisor, Predecessor and Affiliates

Hollywood Paws is a California limited liability company formed on June 15, 2005. We do not do business under any other name. Our principal business address is 1201 West 5th Street, Suite F-50, Los Angeles, California 90017. We began offering franchises for Hollywood Paws Businesses in July 2005. We do not operate any Hollywood Paws Businesses.

We have one affiliate (“**Affiliate**”). Hollywood Paws, LLC (“**HP**”) is a California limited liability company and was formed on February 10, 2005. We share an address with HP. HP operates a Hollywood Paws Business similar to the business you will operate. HP does not offer any franchises in this or any other line of business.

Our agents for service of process are disclosed on **Exhibit D**.

The Business

We offer franchises for the use of our “**HOLLYWOOD PAWS**” trademarks, trade names, service marks and logos (“**Hollywood Paws Marks**” or “**Marks**”) for the operation of Hollywood Paws 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 Hollywood Paws Businesses (“**System**”). We reserve the right to change or otherwise modify the System at any time in our sole discretion. Each Hollywood Paws Business offers professional animal acting workshops, extended vocational and avocational training programs, professional animal entertainment management services, and the sale of related products.

You must operate your Hollywood Paws Business per our standard business operating practices and sign our standard franchise agreement (“**Franchise Agreement**”). Your Hollywood Paws Business must offer authorized services and products, including professional animal acting workshops, extended avocational training programs, professional animal entertainment management services, the sale of related products and, if authorized by us in our sole discretion, the opportunity to offer one or more extended vocational training programs (“**Vocational Courses**”) (See **Exhibit J** for a Summary of Vocational Course Offering). We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Hollywood Paws Business at any time in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Hollywood Paws Business.

We offer one type of Franchise, which is available to anyone who we deem qualified, in our sole discretion, to operate a Hollywood Paws Business. You may operate one Hollywood Paws 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 Hollywood Paws Businesses in multiple Territories.

We will use commercially reasonable efforts to grant only one license to a franchisee for every 250,000 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. We reserve the right to change, modify, or delete the Population Limits in our sole discretion.

Regulations

Certain federal, state and local jurisdictions may have enacted laws, rules, regulations, and ordinances that apply to animal care in general or specifically to animal training or vocational or avocational training. These regulations may establish certain standards, specifications, licensing and requirements that must be followed by you. You should investigate whether there are any regulations, licensing and requirements that may apply in the geographic area in which you are interested in locating your Franchise, and you should consider both their effect and the cost of compliance. In addition, certain unions and the film industry have also established rules and regulations regarding the treatment of animal actors.

You are responsible for obtaining all required licenses and permits and ensuring that your employees and others providing Hollywood Paws Products and Services to customers on behalf of your Hollywood Paws Business have all required licenses and permits. You may be required by the Department of Education or the Department of Labor to have certain licenses to operate an agency or vocational training school. The failure to maintain the proper licensing is a material breach of the Franchise Agreement. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224. See **Exhibit I** for a summary of industry-specific laws which may impact the operation of your Hollywood Paws Business.

Market Competition

The Hollywood Paws System presently focuses on serving animal owners and students interested in working with animals in urban and suburban areas. You may have to compete with other businesses including franchised operations, national chains and independently owned companies offering animal training and management services, including animal training companies, animal obedience companies, grooming and pet companies, animal boarding kennels, regional and national pet store chains, and some veterinary offices that provide pet training. The market for animal training services is competitive. If you are authorized by us to offer Vocational Courses, you will compete with public and private universities, colleges, trade schools and other companies offering vocational education to students. The market for vocational education is competitive.

You will also face normal business risks that could have an adverse affect on your Hollywood Paws 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 affect 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. Because we do not have a Federal registration for our Mark "HOLLYWOOD PAWS™," there is some risk that you may be required to change the name of your Hollywood Paws Business (See ITEM 13).

ITEM 2 BUSINESS EXPERIENCE

Our directors, principal officers and other executives are:

Larry Lionetti, President

Mr. Lionetti has been our president since our inception on June 15, 2005. Mr. Lionetti is also the president of Barbizon School of San Francisco, Inc. located in San Francisco, California since 1971 and the president of HP located in Los Angeles, California since its inception in February 2005.

Lena Lionetti, Vice President

Mrs. Lionetti has been our vice president since our inception on June 15, 2005. Ms. Lionetti is also the vice president of Barbizon School of San Francisco, Inc. located in San Francisco, California since 1971 and the vice president of HP located in Los Angeles, California since its inception in February 2005.

Lena Lionetti, Executive Director and Managing Member

Ms. Lionetti has been our executive director and managing member since our inception on June 15, 2005. Ms. Lionetti is also the executive director and managing member of HP located in Los Angeles, California since its inception in February 2005. Ms Lionetti attended school prior to joining HP.

Anne Gordon, National Education Trainer

Ms. Gordon has been our national education trainer since September 2005. Ms. Gordon is also an animal trainer for Freelance Film Animal Trainer throughout the United States since January 2001. Prior to joining Freelance Film Animal Trainer, she was the proprietor and animal trainer for Anne's Animal Actors since January 1983 until December 2000 in Monroe, Washington.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Offering Circular.

**ITEM 4
BANKRUPTCY**

No person previously identified in ITEMS 1 or 2 of this Franchise Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this ITEM.

**ITEM 5
INITIAL FRANCHISE FEE**

You must pay a \$50,000 Initial Franchise Fee payable when you execute a Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable, except as described in the next paragraph. All Initial Franchise Fees are uniform. Since we did not sell any Franchises during our last fiscal year ended December 31, 2005, we did not collect any Initial Franchise Fees.

We will refund 50% of the Initial Franchise Fee within 30 days after notice of termination by us if you do not complete your training program to our satisfaction or if you do not receive all applicable licenses and permits within 6 months after the mutual execution of the Franchise Agreement. We will notify you in writing if we decide to terminate your Franchise and give you a partial refund of the Initial Franchise Fee. There are no refunds of such fees under any other circumstances.

At our option you may be offered the opportunity to purchase additional Territories. Each Territory must be purchased by paying the then-current Initial Franchise Fee and by signing the then-current Franchise Agreement. At this time, we do not grant any special area development rights for multiple Territories.

During our last fiscal year ended December 31, 2005, we did not sell any Franchises.

**ITEM 6
OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Royalty [†] (1)	7.5% of Gross Revenue per month	Payable monthly on or before the 10th of each month	Gross Revenues are all revenue generated by the Hollywood Paws Business (“ Gross Revenues ”)
Individual Advertising Expense after the First 90 Days of Operation (2)	The greater of 10% of Gross Revenues per month or \$2,000 per month (“ Minimum Individual Advertising Expense ”)	Payable monthly, at the time set by you	You must spend a minimum of \$2,000 on local marketing efforts every month and you will be required to spend more than that amount if your Gross Revenue for the previous month exceeds \$20,000
National Marketing and Promotions Fee [†] (3)	2.5% of Gross Revenue	Payable monthly on or before the 10 th of each month	We may increase the National Marketing and Promotions Fee, in our discretion, up to a maximum of an additional 3% of Gross Revenues

Name of Fee	Amount	Due Date	Remarks
Additional Assistance (4) [†]	\$350 per day plus travel expenses, lodging and meals. The estimated range of costs for travel and room and board are \$1,500-\$2,500	Payable 30 days after billing	We provide opening assistance, in our discretion, at no additional charge (See ITEM 11)
Initial Training for Additional Person(s) (5)	\$500 per person plus the cost of travel, lodging, meals and personal expenses. The estimated range of costs for travel and room and board are \$1,500-\$2,500	Payable prior to the beginning of the Initial Training Program	
Transfer Fee [†]	\$5,000 or 6% of the gross sales price of your Hollywood Paws Business, whichever is higher	Prior to acceptance of transfer	Payable before you transfer your Hollywood Paws Business
Audit [†]	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 [†]	\$500	Upon delivery	
Subsequent Franchise Fee [†]	10% of then current Initial Franchise Fee	Upon renewal	
Insurance (6)	At a minimum, comprehensive general liability coverage	As incurred	Insurance requirements are set forth in Section 12.1(a) of the Franchise Agreement and the Operations Manual. Insurance requirements may be changed by us, in our sole discretion
Indemnification [†]	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Hollywood Paws Business
Cost of Enforcement or Defense [†]	All costs including accounting and attorneys fees	Upon settlement or conclusion of claim or action	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement
Interest [†]	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 [†]	\$100 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 estimated range of costs are \$0-\$5,000	At time of upgrade, which may be required at any time if we determine that the existing hardware and/or software is outdated	We impose no cap or limitation on the amount of expense you may incur for hardware and software upgrades

Name of Fee	Amount	Due Date	Remarks
Seminars, Conventions or Programs	You must pay your expenses, conference fees, if any, as well as the expenses your Designated Business Manager, Designated Training Manager and employees incur in attending these meetings. The estimated range of costs is \$500-\$2,500 per person plus materials estimated at \$50	As incurred	We reserve the right to conduct periodic meetings of all franchisees. Your attendance will be required at all annual conferences
Additional Computer Training	Will vary based on length and type of course	Prior to training	You must take a computer training class at a local computer school if we determine that you do not have sufficient skills to operate your computer, understand how to use the software, and access e-mail and the Internet
Software Subscription	Varies based on type of software you use	Monthly	You must use the Internet-based software required by us to operate your Hollywood Paws Business
Relocation Fee	\$5,000	Upon approval of relocation request	Payable only if we approve your request to relocate your Hollywood Paws Business
Refurbishing	Varies based on refurbishment needs. The estimated range of costs is \$2,000 to \$5,000	At time of refurbishment. The refurbishment may be required prior to renewing your Franchise Agreement	We impose no cap or limitation on the amount of expense you may incur for refurbishing your Hollywood Paws Business
Return Check Fee	\$25.00 for the first returned check or non-processing of any ACH payment and \$35.00 for the second return of the same check or non-processing of any ACH payment	At the time the check is returned or non-processing of any ACH payment	We reserve the right to require you to pay all subsequent orders by credit card terms or certified funds
Lease Negotiation Fee	\$0 - \$5,000 (9)	Before commencing lease negotiation	Payable only if our attorneys or we or our designated representative negotiates a lease or sublease for your Training and Educational Facility
Décor Expense	You must purchase new movie posters and other décor that we designated each year. The estimated cost for such movie posters and other décor is \$500 per year	As incurred	You must purchase the framed movie posters and other décor that we designate from our vendors. We will provide you with a list of pre-approved framed movie posters that you may select from

Name of Fee	Amount	Due Date	Remarks
Site Selection Assistance Fee	If we or our designated representative provides site selection assistance to you to find a Training and Educational Facility we may charge you a site selection assistance fee. The estimated amount of the site selection assistance fee is \$5,000 - \$8,000	Prior to providing the site selection assistance.	

† Denotes fees which are imposed and payable to us or our Affiliates. All fees paid to us or our Affiliates are non-refundable under any circumstances once paid except as provided in ITEM 5. 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 execute 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 or late fees 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 Hollywood Paws Business's Gross Revenues to us for any reporting period, 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 Hollywood Paws 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 Fee. The Royalty Fee is 7.5% of Gross Revenue.
- (2) Individual Advertising Expense. The Individual Advertising Expense is the greater of 10% of Gross Revenue or the Minimum Individual Advertising Expense in the amount of \$2,000. (See ITEM 7).
- (3) National Marketing and Promotions Fee. The National Marketing and Promotions Fee is 2.5% of Gross Revenue. These funds are used for national advertising, to generate marketing materials for public relations purposes, and for administrative costs associated with our marketing efforts. (See ITEM 11). We reserve the right to increase the National Marketing and Promotions Fee by up to an additional 3%.
- (4) Additional Assistance. The Initial Franchise Fee includes 5 business days of initial training for you or, if you are a legal or business entity, your Designated Business Manager and your Designated Training Manager. 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 at our Los Angeles, California headquarters or another location designated by us. After completion of the initial training, we will provide additional telephone assistance at no cost. If you require or request additional 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, in our sole discretion, pre-opening assistance is required or if we determine that it is necessary for us to provide additional assistance to keep the System competitive. Such additional assistance will be at your expense as described above. Our current published rate for additional assistance is \$350 per day plus the cost of travel and room and board, but we reserve the right to adjust that rate periodically in our Operations Manual.

- (5) Initial Training for Additional Persons. We provide initial training for you or your Designated Business Manager and your Designated Training Manager for 5 business days at no additional 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 need to pay for airfare, lodging, ground transportation, meals, salary and benefits, and other personal expenses for each person attending the initial and recurring training program.

- (6) Insurance. 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 Hollywood Paws Business and all services you provide in connection with the operation of your Hollywood Paws Business as we may require for your and our protection in our sole discretion in amounts set forth in the Operations Manual and Franchise Agreement (which may be adjusted periodically in our sole discretion). 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 shall 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 shall be furnished to us together with proof of payment within 10 days of issuance. You shall 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 reasonable fee for our expenses incurred in this procurement, you will pay immediately upon notice.

ITEM 7 INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

The following charts describe the estimated initial investment for a Hollywood Paws franchise.

Expense (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
Travel And Living Expenses While Training (3)	\$1,500	\$2,500	As incurred	As incurred during training	Airlines, hotels, restaurants
Start-Up Advertising Expense For The First 90 Days After Satisfactorily Completing The Initial Training Program	\$20,000	\$20,000	Prior to opening	Payable during the first 90 days after the initial training program is completed	Suppliers, vendors
Real Estate Leasing (4)	\$9,000	\$15,000	Prior to opening	As specified in lease	Landlord
Leasehold Improvements (5)	\$0	\$25,000	As agreed	Varied times	Building contractor
Furniture, Fixtures, Equipment and Décor	\$5,000	\$10,000	As agreed	Varied times	Suppliers, vendors
Signage	\$250	\$5,000	Prior to opening	As agreed	Sign vendor
Computer Hardware And Software (6)	\$3,000	\$5,000	Lump sum	At delivery	Suppliers, vendors
Inventory And Supplies (7)	\$1,500	\$5,000	Prior to opening and as needed	At delivery	Suppliers
Insurance Premiums	\$300	\$600	As agreed	As agreed	Insurance carrier
Grand Opening	\$500	\$2,000	As agreed	As agreed	Suppliers, vendors
Plans, Permits, Licenses And Legal (8)	\$1,500	\$8,000	As incurred	As incurred	Third Parties
Additional Funds For First 3 Months (9)	\$20,000	\$40,000	As agreed	As incurred	Vendors or third parties
TOTAL (10)	\$112,550	\$188,100			

Notes:

- (1) Expenditures. The high and low ranges in the table are based on an average Hollywood Paws 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 a Franchise. The Initial Franchise Fee is due when you sign the Franchise Agreement and is non-refundable once paid except as provided in ITEM 5.
- (3) Travel and Living Expenses While Training. We provide training at our corporate office located in Los Angeles, California or at another location designated by us. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees.
- (4) Training and Educational Facility. You must then select a training and educational facility for the Hollywood Paws Business within the Territory subject to our approval. A Hollywood Paws Business is typically located in a commercial location. The typical size of a Hollywood Paws Business is between 1,500 and 3,000 square feet and should have easy access to an outdoor area for use in training.

- (5) Leasehold Improvements. You may need to alter the interior of the Training and Educational Facility before you open your Hollywood Paws Business. The costs will vary widely and may be significantly higher than projected in this table, depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Hollywood Paws Business.
- (6) Computer Hardware and Software. The estimated initial investment includes costs related to the purchase of specified computer hardware and software. If we require, you must provide us with electronic access to certain daily information.
- (7) Inventory and Supplies. Your initial inventory and supplies will typically include training tools such as leashes and collars and Hollywood Paws™ branded items such as t-shirts, hats, and bags. We have the right to change the inventory and supplies at any time.
- (8) Plans, Permits, Licenses and Legal Counsel. This estimates your expenses to draw plans for your leasehold improvements, obtain permits and zoning for your Training and Educational Facility and to obtain licenses that you may need to operate your Hollywood Paws Business. In most cases, the terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you; however, we require you to incorporate certain provisions into your lease. This estimate includes legal expenses for negotiating your lease.
- (9) Start-Up Expenses and Working Capital. 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 Hollywood Paws Business. It includes Royalties, advertising, payroll costs, deposits, fees for city, state and local business licenses, business entity organization expenses, other prepaid expenses, accounting and professional fees, and other operational expenses. These figures do not include any taxes that you may pay. You should check with your local and state governmental agencies for any taxes that may be assessed. Most new franchisees do not hire employees during the initial period.
- (10) 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 Hollywood Paws Business. You may incur additional expenses starting your Hollywood Paws 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 Hollywood Paws Business during the initial period.

We have relied on over 35 years of experience in working with franchise businesses 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 Offering Circular. 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 Hollywood Paws Business in compliance with your Franchise Agreement and the standards and specifications contained in the Hollywood Paws confidential operations manual (“**Operations Manual**”) loaned to you by us.

You must provide specified services and sell specified products. The services include conducting professional animal acting workshops and extended avocational training programs, providing professional animal entertainment management services and, if authorized by us in our sole determination, the opportunity to offer one or more extended vocational training programs (“**Services**”). The products include products related to the Services, including branded kennels, collars, training tools, leashes, and similar items and Hollywood Paws™ branded apparel, bags, and caps to be worn by your customers (“**Products**”). We reserve the right to require that you sell additional or different Services and Products in your Hollywood Paws 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.

We have standards and specifications for your Training and Educational Facility, equipment, uniforms, supplies, forms, Products, Services, advertising materials and most other services and products used in, sold or provided through your Hollywood Paws Business. We will notify you of our specifications and standards. In order to maintain our standards of consistent, high quality Products, services customer recognition, advertising support, value and uniformity in Hollywood Paws Businesses, you must purchase or lease all of your required equipment, supplies, fixtures, inventory, goods, services and Products used in or sold through your Hollywood Paws Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. We are not an approved supplier, but we reserve the right to become an approved supplier at any time in our discretion. We may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and Products from our approved or designated suppliers and distributors. 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 approved suppliers without our prior written approval. We estimate that the purchase of these supplies, uniforms 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 10% to 20% of your total cost to establish a Hollywood Paws Business and 20% to 30% of your total cost of operating a Hollywood Paws Business (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment or fixtures).

In our last fiscal year ended December 31, 2005, we did not sell any Franchises and did not collect any revenue from any designated or approved suppliers.

Franchisees must license from us or our designated supplier certain proprietary computer programs and related materials developed for use in the operation of Hollywood Paws Business (“**Software**”). We require you to pay a separate license fee for the Software. The purchase of the Software license may include technical support.

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. We will respond to requests for approval to purchase equipment other than the Computer System within 30 days from the date the request is received. The Computer System and license of the Software will cost a minimum of \$2,500. (See ITEM 11 of this Offering Circular for more information regarding the Computer System).

We do not have any purchasing or distribution co-operatives as of the date of this Offering Circular. We may 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. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers 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 OFFERING CIRCULAR.

Obligation	Section in Franchise Agreement	Item in Offering Circular
Site selection and acquisition/lease	Definitions and Section 8	ITEM 11
Pre-opening purchases/leases	Sections 8 and 9	ITEMS 8 & 11
Site development and other pre-opening requirements	Section 8	ITEMS 6, 7 & 11
Initial and ongoing training	Sections 7 and 8	ITEM 11
Opening	Section 8	None
Fees	Sections 5, 6 and 11	ITEMS 5 & 6
Compliance with standards and policies/Operations Manual	Section 8	ITEM 11
Trademarks and proprietary information	Section 10	ITEMS 13 & 14
Restrictions on products/services offered	Sections 8 and 9	ITEMS 8 & 16
Warranty and customer service requirements	Section 8	ITEM 11
Territorial development and sales quotas	Section 4	ITEMS 11 & 12
Ongoing product purchases	Sections 8 and 9	ITEM 16
Maintenance, appearance and remodeling requirements	Sections 3 and 8	ITEM 7, note 2
Insurance	Section 12	ITEM 8
Advertising	Section 11	ITEM 11
Indemnification	Sections 10 and 12	None
Owners participation/ Management/staffing	Section 8	ITEM 15
Records/reports	Section 6	ITEMS 6 & 17
Inspection/audits	Sections 6, 7 and 8	ITEM 6
Transfer	Section 15	ITEM 17
Renewal	Section 3	ITEM 17

Obligation	Section in Franchise Agreement	Item in Offering Circular
Post-termination obligations	Sections 10 and 17	ITEM 17
Non-competition covenants	Section 14	ITEM 17
Dispute resolution	Section 21	ITEM 17

ITEM 10 FINANCING

Neither Hollywood Paws nor any agent or Affiliate of ours offers direct or indirect financing. We do not guarantee your note, lease or obligation. We do not currently place financing with anyone and do not receive any payment for the placement of financing. We do not have any past or present practice or intention to sell, assign or discount to any third party, in whole or in part, any financing arrangements. We reserve the right to offer financing or assist franchisees in obtaining financing in the future.

ITEM 11 FRANCHISOR'S OBLIGATIONS

Except as listed below, we do not provide any assistance to you.

Pre-opening Obligations

Before you open your Hollywood Paws Business, we (or our designee) will provide the following assistance and services to you.

1. Assist you in your site selection process by approving and accepting a site for the Training and Educational Facility and reviewing and accepting a final Lease for the Training and Educational Facility. (See Section 7.3(c) of the Franchise Agreement).
2. Designate your Territory. (See Sections 7.3(a) of the Franchise Agreement and **Attachment A** to the Franchise Agreement).
3. Within 60 days of your signing the Franchise Agreement and your receipt of all required licenses and permits, we will conduct a 5 business day training course for you, or if you are not an individual, your Designated Business Manager and your Designated Training Manager in Los Angeles, California or at another location designated by us. (See Section 7.3(c) of the Franchise Agreement). 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.
4. Loan you 1 copy of our confidential and proprietary Operations Manual at the time of execution of the Franchise Agreement. The Operations Manual consists of 1 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 60 pages. The Table of Contents for the Operations Manual is attached to this Offering Circular as **Exhibit F**. (See Section 7.3(d) of the Franchise Agreement).

5. Provide you with an initial inventory of letterhead and business cards and other start up materials, in our discretion, at no charge. If you want additional copies, you must pay duplication costs. (See Section 7.3(e) of the Franchise Agreement).

6. At our sole discretion, we may provide on-sight pre-opening and grand opening assistance during the first week of operations of your Hollywood Paws Business. We may charge you a reasonable fee for such services (See Section 7.3(f) 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. Inform you of mandatory specifications, standards and procedures for the operations of your Hollywood Paws Business, as described in ITEM 8. (See Section 7.4(d) of the Franchise Agreement). There are no additional charges for these services.

2. 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 7.4(a) of the Franchise Agreement). There are no additional charges for these services.

3. Research new Products, Services and training methods and provide you with information concerning developments of this research. (See Section 7.4(e) of the Franchise Agreement). There are no additional charges for these services.

4. Maintain the National Marketing and Promotions Fund and use these funds to develop promotional and advertising programs for Hollywood Paws Businesses. (See Section 7.4(f) of the Franchise Agreement). There are no additional charges for these services.

5. Provide advertising materials to you in the form of an arts graphics package, which is included in your Operations Manual. (See Section 7.4(g) of the Franchise Agreement.). There are no additional charges for these services.

6. A representative of ours may, in our sole discretion, provide additional assistance. (See Section 7.4(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.

7. 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, if any, and all travel and living expenses. Other than our mandatory annual conference, we recommend, but do not require, that you attend these conferences. These elective conferences

are held at our Los Angeles, California headquarters or at a location chosen by us. (See Section 7.4(b) of the Franchise Agreement).

8. We may provide you with a monthly newsletter, in our discretion. (See Section 7.4(i) 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 Hollywood Paws Business. Except as listed above, we do not provide any additional assistance to you.

Training

Before the opening of your Hollywood Paws Business, we provide an initial training program lasting approximately 5 business days. The initial training program is usually conducted at our corporate headquarters located in Los Angeles, California, but the training course may be held elsewhere in the future in our discretion. In our discretion, we may require you to bring your dog or cat to training if you have such a pet. If we authorize you to offer one or more vocational courses in your Hollywood Business you may be required to stay for additional training or to obtain additional training from us prior to offering such Vocational Courses. There will be no charge for this additional training, but you will be required to pay all living and travel expenses for all individual that you elect to attend the additional training.

Under the Franchise Agreement, before you begin operating your Hollywood Paws Business, you or, if you are not an individual, a “**Designated Business Manager**” and your “**Designated Training Manager**” must attend and successfully complete to our satisfaction our initial training program. If the Designated Business Manager's or the Designated Training Manager's employment with you is terminated, you must designate a new Designated Business Manager or Designated Training Manager, as the case may be, who must successfully complete our initial training program within 60-days after the termination of the initial Designated Business Manager or Designated Training Manager, as the case may be, unless we do not hold an initial training program during that 60-day period, in which case the replacement Designated Business Manager or replacement Designated Training Manager, as the case may be, 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 or replacement Designated Training Manager and the costs for airfare, ground transportation, lodging, meals, personal expenses, and the Designated Business Manager's and/or the Designated Training Manager's salary and benefits must be paid by you.

There is no tuition or fee for the initial training program for you or your Designated Business Manager and Designated Training Manager. 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.

Our training program consists of approximately 5 days of training, commencing on Wednesday and ending the following Sunday, as follows:

TRAINING SCHEDULE

Subject	Instructional Material	Hours of Classroom Training	Hours Of On The Job Training	Instructor
Admin/Operations	Operations Manual	8		Lena Marie Lionetti
Sales	Sales Manual	12	20	Lena Marie Lionetti
Education	Curriculum Manual	12	20	Anne Gordon
Animal Management Services/PR		8		Kathryn Segura
Total		40	40	

The initial training program and other on-going training will be conducted by training personnel under the direction of Larry Lionetti and Anne Gordon, whose backgrounds are described in ITEM 2. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training.

We may present seminars, conventions or continuing development programs for the benefit of Franchisees. Other than our mandatory annual conference, your attendance is voluntary at these seminars, conventions or continuing development programs. You must pay for any conference fee and your travel and living expenses incurred in attending any seminar.

Advertising Programs

For the first 90 days after you complete your initial training program, you will spend \$20,000 on advertising as your start up advertising expense (“**Start-Up Advertising Expense**”). On a monthly basis beginning after the first 90 days after you complete your initial training program, you must spend the greater of 10% of your total monthly Gross Revenues (“**Individual Advertising Expense**”) or \$2,000 (“**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 Hollywood Paws Business. You may not advertise outside your Territory without our approval, which may be withheld in our sole discretion.

Under the Franchise Agreement, you must pay us a national marketing and promotions fee (“**National Marketing and Promotions Fee**”) of 2.5% of your monthly Gross Revenues. We reserve the right to increase your National Marketing and Promotions Fee by an additional 3%. 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 in the previous reporting period. Unless required by law, we will not be required to deposit the National Marketing and Promotions Fee in a separate bank account, commercial account or savings account and we may place the National Marketing and Promotion in our general accounts (“**National Marketing and**

Promotions Fund”). However, we currently deposit the National Marketing and Promotions Fee in a separate account. 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 this fund audited, audited financial statements are not available to Franchisees. 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; supporting public relations; market research; 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.

Since we have only begun selling franchises, we have not collected a National Marketing and Promotions Fee. 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.

You must order sales and marketing material from our designated supplier. It is a material breach of the Franchise Agreement to use other marketing material without prior written approval. If you desire to use your own advertising materials you must obtain our prior approval. 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 Hollywood Paws 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.

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.

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.

During our most recent fiscal year ended December 31, 2005, we did not collect any National Marketing and Promotions Fee.

Site Selection for the Training and Educational Facility

You must select the site for the Training and Educational Facility subject to our approval. Before leasing or purchasing the site for the Training and Educational Facility, you must submit to us within 60 days of the mutual execution of the Franchise Agreement, in the form we specify, a description of the site for the Training and Educational Facility, 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. We will have 20 days after we receive this information and materials to provide the approval or disapproval of the proposed site for the Training and Educational Facility. If you fail to deliver to us the offer of lease or executed letter of intent within such 60 days, we may terminate the Franchise Agreement.

Factors that we may consider when reviewing your site for the Training and Educational Facility include demographic studies of the area, zoning requirements, access and exits to and from the Training and Educational Facility site, competitor activity, traffic patterns of the area as well as specific size of the Training and Educational Facility site, parking and other physical characteristics of the proposed Training and Educational Facility site itself, area population and market conditions. We will also approve an area within which you may select a Training and Educational Facility site. If we do not provide you with approval or disapproval the proposed Training and Educational Facility site within such 20 days above, the Training and Educational Facility site will be deemed disapproved and you will need to locate another Training and Educational Facility site for your Hollywood Paws Business. You must receive our approval for the alternate Training and Educational Facility site. If we do not provide you with approval for our alternate Training and Educational Facility site, we may, at our sole discretion, extend your opening deadline while you continue to look for another alternate Training and Educational Facility site or terminate the Franchise Agreement. We may also extend the construction period of your Training and Educational Facility to accommodate delays in selecting and obtaining our approval of an alternate Training and Educational Facility site.

You must purchase or lease, at your expense, the site for the Training and Educational Facility and obtain permits, zoning approval and comply with all other state and local requirements for the site within 45 days after receipt of our approval. You must obtain our approval of any sale or lease contract before you sign a lease or purchase agreement. You may not relocate the Training and Educational Facility without our prior written consent.

Although your site is subject to our approval, you have the ultimate responsibility in choosing, obtaining and developing the site for your Hollywood Paws Business. Our consultation and approval is not a promise or guarantee that the Hollywood Paws Business operated at your Training and Educational Facility will be successful.

Approval of Lease

We must approve the lease agreement for your Training and Educational Facility in writing before you sign any lease agreement for your Hollywood Paws Business. Any lease for your Hollywood Paws Business will, at our option: (a) provide for notice to us of, and our right to cure, your default under any lease or sublease; (b) provide for your right to assign your interest under any lease or sublease to us without the lessor's or sublessor's consent; (c) include a right to reassign to us or our designee without landlord consent; and (d) any other reasonable terms that we may require. You must deliver a copy of the signed lease or sublease to us within 15 days of signing. You must also agree that you will not sign or agree to any modification of the lease or sublease without our prior written approval.

Schedule for Opening

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Hollywood Paws Business will be 3 to 6 months. Some factors which may affect this timing are your ability to acquire a Training and Educational Facility through lease 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, supplies and inventory and the time to convert, renovate or build-out the Training and Educational Facility. All leasehold improvements made to your Training and Educational Facility must comply with our plans and specifications.

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 10 business days after signing the Franchise Agreement. If you do not receive all required licenses and permits within 6 months of executing the Franchise Agreement, we may terminate the Franchise Agreement and retain your Initial Franchise Fee.

You may not open your Hollywood Paws 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; and (7) you have ordered, received and installed your equipment, supplies, inventory and Computer System. You must be prepared to begin operating your Hollywood Paws Business immediately after we state that your Hollywood Paws Business is ready for opening.

Software and Computer Equipment

You must purchase and use computer hardware and software required by us. Currently, you are required to purchase a desk top personal computer (“**Hardware**”) which runs on the Windows XP Professional operating system. Your computer must also have Microsoft Office XP Professional or a more recent version installed and operating and the web-based resource center software and you must obtain a license to the Class Manager™ software program (“**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 from time to time in order to meet our specifications as they evolve. Upgrades, in some cases, may only be available through our suppliers. We may change the designated suppliers from time to time on written notice to you. See ITEM 8. We may revise our specifications at any time in our discretion. We will set up an email account on your behalf. You must use this email address for all activities associated with your Hollywood Paws Business.

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 twice every day. If we determine that you require additional computer training, you must take and pay for, at your own expense, a computer training course at a local computer training school. You must complete this training within 90 days of the day we advise you of this requirement, and you must present us with a certificate acceptable to us to show that you passed the course.

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 such communications and computer-related problems.

ITEM 12 TERRITORY

You will be granted a territory (“**Territory**”) in which to sell the Products and Services you are authorized to sell by the Franchise Agreement. Your Territory is based on demographics and other characteristics including 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. We will use commercially reasonable efforts to grant only 1

license to a franchisee per 250,000 people (or incremental portion thereof) in the designated geographical location (the “**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. We have the exclusive right to determine the boundaries of your Territory in our sole discretion. We reserve the right to change, modify, or delete the Population Limit in our sole discretion.

You may be granted, in our sole discretion, express permission to sell or service customers in an unsold territory adjacent to your Territory (“**Adjacent Territory**”). You must account for and pay Royalty Fees, Individual Advertising Expense and National Marketing and Promotions Fees on sales from Adjacent Territories using a separate form approved by us. 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 sales and service 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 first claim 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 Hollywood Paws 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.

We will not operate locations or grant franchises for a Hollywood Paws Business within your Territory unless you do not meet your sales quota (“**Sales Quota**”) in any year. The Sales Quota for the first 12 months is \$250,000 in Gross Revenue and \$500,000 in Gross Revenue for Year 2 and beyond. Failure to achieve these Sales Quotas is a material breach of the Franchise Agreement. These Sales Quotas are not, and should not be considered, earnings claims for your Hollywood Paws Business. We do not furnish or authorize our sales persons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Hollywood Paws Business. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise. If you fail to meet your Sales Quota, we have the right to grant additional Franchises within the Territory, reduce the size of your Territory or terminate your Franchise upon 30 days’ written notice.

We reserve the right, among others:

1. to own, franchise, or operate Hollywood Paws Businesses at any location outside of the Territory, regardless of the proximity to your Hollywood Paws Business;

2. to use the Marks and the System to sell any products or services, similar to those which you will sell, 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 the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce. If we use the Marks to sell the Products and Services that you are required to sell to a customer in your Territory over the

Internet we or our supplier and manufacturers may, in our sole discretion, provide you with a credit in an amount solely determined by us;

3. to use and license the use of other proprietary and non-proprietary marks or methods 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 professional animal acting workshops and training sessions, professional animal entertainment management services and related products, at any location, including within the Territory, which may be the same as, similar to or different from the business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Hollywood Paws Business, wherever located;

5. to acquire and convert to the System operated by us any businesses offering professional animal acting workshops and training sessions, professional animal entertainment management services and related products, 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



6. 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 such multi-area marketing programs.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the service mark “HOLLYWOOD PAWSSM”, 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 Hollywood Paws Business.

We have registered or applied for registration of the following principal Marks with the United States Patent and Trademark Office (“USPTO”):

Mark	Filing or Registration Date	Status	Serial No.	Application/Registration No.
hollywoodpaws.com	June 11, 2002	Live	76/283,672	2,578,326
HOLLYWOOD PAWS	March 22, 2006	Pending	78/843,636	N/A

Mark	Filing or Registration Date	Status	Serial No.	Application/Registration No.
	March 22, 2002	Pending	78/843,689	N/A
HOLLYWOOD PAWS	March 22, 2006	Pending	78/843,662	N/A
	March 22, 2006	Pending	78/843,722	N/A

By not having a Principal Register federal registration for all of the Marks listed above, we do not have certain presumptive legal rights granted by a registration.

We may also use a number of unregistered, common law trademarks. You must follow our rules when you use our Marks. You may not use any of the Marks 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 Marks 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 Marks which are relevant to the use of these Marks. 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 Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We may take the action necessary, in our sole discretion, to protect the unauthorized use of our Marks.

You must modify or discontinue the use of a trademark 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) up to \$5,000. 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 Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Hollywood Paws Business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Hollywood Paws 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 Marks, 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 Marks, 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 Hollywood Paws Business, but such 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 Hollywood Paws Businesses, formulations for and packaging of Products, and training techniques used to provide Services sold at Hollywood Paws Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of Hollywood Paws 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 Hollywood Paws 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 Hollywood Paws Business during the term of the Franchise Agreement.

You must notify us within 3 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 Copyright Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyright 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 Copyright 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 Copyright Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyright Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyright 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 Copyright 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 Copyright Works, Confidential Information or Trade Secrets.

No patents are material to us at this time.

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 Hollywood Paws 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, in our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the Hollywood Paws Business you 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 or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of Hollywood Paws Business that you or your employees conceive or develop during the term of the Franchise Agreement in all animal acting and animal talent management 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

If you are an individual, you must directly supervise the Hollywood Paws Business at your franchised location. If you are a business entity, the direct, on-site supervision must be done by a Designated Business Manager.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your Hollywood Paws Business. You must also designate a Designated Training Manager to act as the training manager for your Hollywood Paws Business. The Designated Training Manager must be certified to be an evaluator from the American Kennel Club. We must approve the selection of the Designated Business Manager and the Designated Training Manager prior to signing the Franchise Agreement. The Designated Business Manager and Designated Training Manager must attend and successfully complete the initial training program, and must abide by the obligations in the Franchise Agreement and the Operations Manual. The Designated Business Manager and the Designated Training Manager must agree to assume and guarantee performance of all of your obligations, including, among others, confidentiality and non-competition (See Attachment A 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 and any adult children involved in any way with the Hollywood Paws 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 Non-Disclosure and Non-Competition Agreement attached to this Offering Circular as **Exhibit G**).

In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect the operations of your Hollywood Paws Business. The success or failure of the franchise as a business enterprise is dependent solely on your efforts. The purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

You must sell or offer for sale only those Services and Products which are authorized by us and which meet our standards and specifications. See ITEM 8. You must follow our policies, procedures, methods, and techniques. 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. See ITEM 8. 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 important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this offering circular.

Provision	Section in Franchise Agreement	Summary
a. Term of Franchise	Section 3	5 years
b. Renewal or extension of the term	Section 3	If you are in good standing you can add additional term(s) of 5 years each
c. Requirements for you to renew or extend	Section 3	Sign new Franchise Agreement, be current in payments, sign release, pay Subsequent Franchise Fee
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 17	Can terminate upon certain violations of the Franchise Agreement by you
g. "Cause" defined – defaults which can be cured	Section 17	You have 30 days to cure the default listed in Section 17.2
h. "Cause" defined – defaults which cannot be cured	Section 17	Non-curable defaults: the defaults listed in Section 17.1
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
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, 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 Hollywood Paws 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

Provision	Section in Franchise Agreement	Summary
		within 120 days
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) 100 miles of the Territory or any other Franchisee's Territory or (iii) 100 miles of any of our Affiliate owned Hollywood Paws Business
s. Modification of agreement	Sections 2.3, 3.5 & 20.11	No modifications of Franchise Agreement during term generally, but Operations Manual subject to change. Modifications permitted on renewal.
t. Integration/merger clause	Section 20.5	Only the terms of the Franchise Agreement are binding (subject to state law); any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be arbitrated in California
v. Choice of forum	Sections 19.1 & 20.1	Arbitration must be in California, except as provided in a State Specific Addenda
w. Choice of law	Sections 19.1 & 20.1	California law applies, except as provided in a State Specific Addenda

Notes:

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your Franchise: ARKANSAS (Stat. Section 42-72-201-210), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e 133h), DELAWARE (Code, tit. 6, Chapter 25, Sections 2551-2556), HAWAII (Rev. Stat. Section 482E-6), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Section 23-2-2.7), IOWA (Code Sections 523H.1-523H.17), MARYLAND (Stat. Sections 11-1301 to 11-1307), MICHIGAN [Stat. Section 445.152)], MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51 to 75-24-61), MISSOURI (Stat. Section 407.400 to 407.420), NEBRASKA (Rev. Stat. Section 87-401 to 87-410), NEW JERSEY (Stat. Section 56:10-1 to 56:10-12), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-557-574-13.1-564), WASHINGTON (Code Section 19.100.180 to 19.100.190), WISCONSIN (Stat. Section 135.01 to 135.07). These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your Franchise.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
EARNINGS CLAIMS**

We do not furnish or authorize our sales persons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Hollywood

Paws Business. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

**ITEM 20
LIST OF LOCATIONS**

THE NAMES, ADDRESSES AND TELEPHONE NUMBERS OF ALL CURRENT FRANCHISEES ARE LISTED IN **EXHIBIT C**. ALSO LISTED IN **EXHIBIT C** ARE THE NAME 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 DURING THE YEAR ENDED DECEMBER 31, 2005 OR WHO HAS NOT COMMUNICATED WITH THE FRANCHISOR WITHIN 10 WEEKS OF THE DATE OF THIS OFFERING CIRCULAR.

**FRANCHISED
HOLLYWOOD PAWS BUSINESS LOCATIONS STATUS SUMMARY
FOR THE PERIOD ENDING DECEMBER 31, 2005**

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Us	Left the System- Other	Total from left columns	Franchises Operating at Year End
Alabama	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	0
California	0	0	0	0	0	0	0
Colorado	0	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0	0
Florida	0	0	0	0	0	0	0
Georgia	0	0	0	0	0	0	0
Illinois	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0
Kansas	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0
Michigan	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0
Missouri	0	0	0	0	0	0	0
Nevada	0	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0	0
New York	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0
Ohio	0	0	0	0	0	0	0
Oregon	0	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0	0
Tennessee	0	0	0	0	0	0	0

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Us	Left the System-Other	Total from left columns	Franchises Operating at Year End
Texas	0	0	0	0	0	0	0
Virginia	0	0	0	0	0	0	0
Washington	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0
TOTALS	0	0	0	0	0	0	0

**STATUS OF COMPANY OWNED OR AFFILIATE OWNED LOCATIONS
FOR THE PERIOD ENDING DECEMBER 31, 2005**

State	Locations Closed During Year	Locations Opened During Year	Total Locations Operating At Year End
California	0	1	1
TOTALS	0	1	1

Our Affiliate, HP owns and operates a Hollywood Paws Business in Los Angeles, California.

**PROJECTED OPENINGS
DURING 2006**

State	Franchise Agreements Signed But Business Not Open	Projected Franchised New Locations In 2006	Projected Company Owned Openings In 2006
California	1	1	2
TOTALS	1	1	2

**ITEM 21
FINANCIAL STATEMENTS**

Attached to the Offering Circular as **Exhibit A** is our audited opening balance sheet as of August 17, 2005 and our audited financial statement as of our fiscal year ended December 31, 2005, with the independent auditor's report attached.

**ITEM 22
CONTRACTS**

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

Exhibit:

- B. Franchise Agreement
- E. State-Specific Addenda
- G. Non-Disclosure and Non-Competition Agreement

**ITEM 23
RECEIPT**

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