KAUFMAN & CANOLES
attorneys at law

Kaufman & Canoles, P.C.
150 West Main Street
Suite 2100
Norfolk, VA 23510

Mailing Address
Post Office Box 3037
Norfolk, VA 23514

T (757) 624.3000
F (888) 360.9092

kaufCAN.com

Nicole J. Harrell
(757) 624.3306
njharrell@kaufcan.com

April 6, 2023

VIA SECURITIES PORTAL

State of Wisconsin
Department of Financial Institutions
Division of Securities
PO Box 1768
Madison, WI 53701-1768

Re: British Swim School Franchising, LLC Application

Dear Sir or Madam:

Attached is a franchise registration application for filing on behalf of British Swim School Franchising, LLC, including the following:

1. One (1) copy of the Franchise Disclosure Document;
2. Uniform Franchise Registration Application;
3. Certification;
4. Consent to Service of Process;
5. Franchisor's Costs and Source of Funds; and
6. Auditor’s Consent.

We are also including with our online filing payment of the $400 for the application fee.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Nicole J. Harrell

NJH:ajn
Attachments

FRANCHISE DISCLOSURE DOCUMENT

British Swim School Franchising, LLC
a Delaware limited liability company
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
Phone: (757) 215-4253
E-mail: Franchising@britishswimschool.com
www.britishswimschool.com

British Swim School businesses operate a swimming and water-survival instruction program that focuses on survival skills, stroke development, breathing techniques and skill coordination by offering private and group lessons for individuals of all ages and other related services and products under the British Swim School name and marks ("**British Swim School Business(es)**").

The total investment necessary to begin operation of a single British Swim School Business is $99,960 to $135,010, including $74,460 to $74,660 which must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of 2 or 3 British Swim School Businesses under an area development agreement is $167,020 to $307,830. This includes $125,320 to $176,780 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ashley Gundlach at British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452 and (757) 215-4253.

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.

ISSUANCE DATE: April 5, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only British Swim School business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a British Swim School franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Virginia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Virginia than in your own state.

2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Mandatory Minimum Payments.** You must make minimum advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

PAGE #

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

ITEM 2 BUSINESS EXPERIENCE 5

ITEM 3 LITIGATION 7

ITEM 4 BANKRUPTCY 8

ITEM 5 INITIAL FEES 8

ITEM 6 OTHER FEES 11

ITEM 7 ESTIMATED INITIAL INVESTMENT 18

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 24

ITEM 9 FRANCHISEE'S OBLIGATIONS 26

ITEM 10 FINANCING 28

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 29

ITEM 12 TERRITORY 41

ITEM 13 TRADEMARKS 43

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 45

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 47

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 48

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 48

ITEM 18 PUBLIC FIGURES 55

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 55

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 62

ITEM 21 FINANCIAL STATEMENTS 68

ITEM 22 CONTRACTS 68

ITEM 23 RECEIPTS 68

EXHIBITS:

Exhibit A	Franchise Agreement and State Amendments
Exhibit B	Area Development Agreement and State Amendments
Exhibit C	Financial Statements
Exhibit D	List of Current and Former Franchisees
Exhibit E	List of State Administrators and Agents for Service of Process
Exhibit F	Franchise Disclosure Questionnaire
Exhibit G	Operations Manual Table of Contents
Exhibit H	Franchise Disclosure Document State Addenda
Exhibit I	Contracts for use with the British Swim School Franchise
Exhibit I-1	System Protection Agreement
Exhibit I-2	Confidentiality Agreement
Exhibit J-1	Promissory Note
Exhibit J-2	Guaranty Agreement
Exhibit J-3	Security Agreement
Exhibit K	Authorization Agreement for Prearranged Payments
Exhibit L	Telephone Number Assumption Agreement
Exhibit M-1	Transfer and Release Agreement
Exhibit M-2	Escrow Agreement
Exhibit M-3	Commission Agreement
Exhibit N	Site Selection Addendum
Exhibit O	General Release
Exhibit P	Receipt

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBITS A, B AND H.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

British Swim School Franchising, LLC ("**we**", "**us**", "**our**", "**British Swim School**", "**BSSF**", or "**Franchisor**") was organized as a Delaware Limited Liability Company on March 21, 2019. We maintain our principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452. We offer franchises ("**British Swim School Franchise(s)**" or "**Franchise(s)**") for British Swim School Businesses. We conduct our business under our company name and the trademarks BRITISH SWIM SCHOOLS® and the other trademarks listed in Item 13 ("**Marks**"). We were organized for the purpose of offering franchises and operating businesses that provide a swimming and water-survival instruction program that focuses on survival skills, stroke development, breathing techniques and skill coordination by offering private and group lessons for individuals of all ages ("**Franchised Business**"). We began offering franchises for the Franchised Business on June 12, 2019. In addition to offering franchises, we may supply you with certain products and services related to your Franchised Business. We do not conduct any other unrelated business activities. We do not currently offer franchises in any other line of business but may do so in the future.

Our agents for service of process are listed in Exhibit E.

Our Parents, Predecessors and Affiliates

Since April 18, 2019 we are a wholly-owned subsidiary of BSS Acquisition Holdings, LLC ("**BSSAH**" or "**Parent**"). BSSAH was organized on April 2, 2019. BSSAH's principal place of business is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. BSSAH does not offer franchises in any line of business and does not provide products or services to our franchisees. BSSAH is a wholly owned subsidiary of Buzz Franchise Brands, LLC ("**BFB**"), a Virginia-based multi-brand franchising company controls BSSAH. BFB was organized on November 23, 2009 and currently owns 3 other franchise brands, Grand Illuminations, Home Clean Heroes and Pool Scouts. BFB's principal place of business is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. BFB does not offer franchises of the type being franchised or in any other line of business. BFB has had no predecessors during the ten (10) year period immediately before the close of its most recent fiscal year.

Our predecessor is British Swim Centers Franchising, LLC ("**BSCF**"). BSCF was a Florida limited liability company formed on March 3, 2011 and the predecessor to BSSF. BSCF operated under the names British Swim Centers Franchising, LLC and British Swim School. Its principal business address was 6261 NW 6th Way, Suite 203, Fort Lauderdale, Florida 33309. BSCF offered franchises for British Swim School businesses from May 2011 to April 17, 2019. It does not conduct business under any other name or in any other line of business and it does not offer franchises in any other line of business.

Our affiliates are British Swim School Franchising IP, LLC ("**BSS IP**"), British Swim School Franchising Canada, Ltd. ("**BSSFC**"), BSS Services, LLC ("**BSS Services**"), Pool Scouts Franchising, LLC ("**Pool Scouts**"), Pool Scouts Local Operations, LLC ("**Pool Scouts Local Operations**"), Pool Scouts Services, LLC ("**Pool Scouts Services"**), BFB IP LLC ("**BFB IP**"), Home Clean Heroes Franchising, LLC ("**Home Clean Heroes**"), Home Clean Heroes Local Operations, LLC ("**HCH Local Operations**"), Home Clean Heroes Services, LLC ("**HCH Services**"), BFB Light Holdings, LLC ("**BFB Light Holdings**"), BFB Light Franchising, LLC ("**BFB Light**") BFB Light Local Operations, LLC ("**BFB Light Local Operations**"), BFB Light Services, LLC ("**BFB Light Services**"), and BFB Light IP, LLC ("**BFB Light IP**").

BSS IP, a wholly owned subsidiary of BFB, was organized on March 21, 2019, and owns certain intellectual property. BSS IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BSSFC, a wholly owned subsidiary of BFB, was organized on April 15, 2019 in Canada, and offers franchises for British Swim School Businesses in Canada.

BSS Services, a wholly owned subsidiary of BFB, was organized on April 30, 2019, and will provide certain products, equipment and services to our franchisees, including the Mailer Program (a direct mail advertising program in which all franchisees must participate) and the SEO and Digital Marketing Program (a digital marketing program in which all franchisees must participate). BSS Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

Pool Scouts, a wholly-owned subsidiary of BFB, was organized on December 10, 2015 and has offered pool cleaning and servicing franchises since February 2016. Pool Scouts does not operate a business of the type being franchised. As of December 31, 2022, Pool Scouts had 71 franchise units opened and operating, and 28 franchise owners who had signed agreements to open an additional 39 units.

Pool Scouts Local Operations, a wholly-owned subsidiary of BFB, was organized on October 1, 2015 and operates a pool cleaning and servicing business. Pool Scouts Local Operations does not operate a business of the type being franchised and does not offer franchises in any other line of business.

Pool Scouts Services, a wholly-owned subsidiary of BFB, was organized on September 5, 2017, and provides certain products and services to Pool Scouts' franchisees. Pool Scouts Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB IP, a wholly-owned subsidiary of BFB, was organized on October 19, 2016, and owns certain intellectual property. BFB IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

Home Clean Heroes, a wholly-owned subsidiary of BFB, was organized on August 16, 2017 and has offered residential cleaning franchises since April 2018. Home Clean Heroes does not operate a business of the type being franchised. As of December 31, 2022, Home Clean Heroes had 12 franchise units opened and operating, and 10 franchise owners who had signed agreements to open an additional 20 units.

HCH Local Operations, a wholly-owned subsidiary of BFB, was organized on March 2, 2017, and operates a residential cleaning business. HCH Local Operations does not operate a business of the type being franchised and does not offer franchises in any other line of business.

HCH Services, a wholly-owned subsidiary of BFB, was organized on September 5, 2017, and provides certain products, chemicals and services to Home Clean Heroes franchisees. HCH Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

In June 2022, BFB established a new franchise system, Grand Illuminations. In connection with the establishment of this new system, BFB formed BFB Light Holdings, an entity controlled by BFB, on May 18, 2022. BFB Light Holdings acts as a holding company for BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP, each of which were also formed in connection with the establishment

of the new system. BFB Light Holdings does not offer franchises of the type being franchised or operate any other line of business.

BFB Light, a wholly owned subsidiary of BFB Light Holdings, was formed on May 18, 2022, and has offered franchises for businesses offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, as well as event-based lighting services (e.g., weddings) and landscape lighting services since it commenced operations in June 2022. As of December 31, 2022, BFB Light had 14 franchise units open and operating and 10 franchise owners who had signed to open an additional 15 units.

BFB Light Local Operations, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and operates a business offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, event-based lighting services and landscape lighting services. BFB Light Local Operations does not offer franchises of the type being franchised or in any other line of business.

BFB Light Services, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and provides certain products, equipment and services to our franchisees, including a direct mail advertising program and a digital marketing program in which all franchisees must participate. BFB Light Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB Light IP, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and owns certain intellectual property. BFB Light IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

The principal address of BSS IP, BSS Services, BSSFC, Pool Scouts, Pool Scouts Local Operations, Pool Scouts Services, BFB IP, Home Clean Heroes, HCH Local Operations, HCH Services, BFB Light Holdings, BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452.

Our agents for service of process for other states are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer and grant Franchises to establish, operate and promote a swimming and water-survival instruction program that focuses on survival skills, stroke development, breathing techniques and skill coordination by offering private and group lessons for individuals of all ages and other services and products we may authorize. The swim lessons provided by British Swim School Businesses vary from activities introducing babies to the water to future team and advanced skill refinement at higher class levels. While British Swim School Businesses provide swim lessons to individuals of all ages, lessons are primarily focused on children ages 10 and under. British Swim School Businesses operate under the name "British Swim School" and other trademarks, service marks, logos, and commercial symbols we periodically authorize ("**Marks**"). British Swim School Businesses have distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications (together, the "**System**"), all of which we may improve, further develop, or otherwise modify over time.

Your British Swim School Business will provide private and group swim lessons from swimming pools that have been approved by us (each, a "**Pool**"). We anticipate that your British Swim School Business will pay a third party, such as a hotel or fitness center, to utilize a portion of (a "**lane**") or all of a Pool during designated time periods to provide swim lessons. Customers of your British Swim School Business will purchase subscriptions to attend swim lessons under the terms and conditions of the System (each, a "**Swim School Subscription**").

The Franchised Business may provide only authorized products and services, including swimming and water survival instruction and select retail products within a geographic area of responsibility ("**Territory**"). Your Territory will contain up to 35,000 children between the ages of three (3) months and ten (10) years of age. The number of children is estimated because we rely on a third party source to supply us with this data. While we believe this data to be accurate within an acceptable margin of error, there is no way to guarantee or know the actual number of children in your Territory. The actual number of children may be more or less than 35,000. Attachment A to the Franchise Agreement will set forth the number of children in your Territory. We may occasionally, and at our sole discretion based on a variety of factors, permit you to add unsold zip codes, which are immediately adjacent to your Territory, at a cost of $2.00 per child between the ages of three (3) months and ten (10) years of age located within that unsold zip code (the "**Purchased Zip Code(s)**"). All Purchased Zip Codes will be included in your defined Territory, and all references to "Territory" include the Purchased Zip Codes.

Since the Purchased Zip Codes will become part of your Territory, you must include all children within the Purchased Zip Code(s) in the Mailer Program in which you are required to participate. You must participate in the Mailer Program and pay the associated fees described in Items 5, 6, 7 and 8 of this disclosure document. As of the issuance date of this disclosure document, we or our affiliate are the only approved supplier of the Mailer Program services.

If you receive our approval, you (we will refer to individuals, partnerships, corporations, and the owners of partnerships and corporations as "**you**" and "**your**") will be required to sign the form of Franchise Agreement attached as Exhibit A to this Franchise Disclosure Document, for a franchise to operate a British Swim School Business ("**Franchise Agreement**"). Under the Franchise Agreement, you will receive the right to use the Marks and the System to operate your British Swim School Business and provide swim lessons within a specified geographic area (your "**Territory**").

We offer to qualified persons the right to develop up to 3 Franchised Businesses within the Development Area determined by us, under an area development agreement ("**Area Development Agreement**"). The Area Development Agreement requires you to open an agreed upon number of Franchised Businesses under a development schedule. You must sign our then-current form of Franchise Agreement for each Franchised Business that you open, which may differ from the current Franchise Agreement included with this FDD.

Referral Fee

If after you have become a BSSF franchisee, you complete and send us a referral form which clearly identifies you as the party making the referral, and you refer to us a prospective franchisee for a British Swim School or another franchise brand owned by BFB ("**BFB Franchise**") (not as a part of a transfer), and your referral actually purchases a new BSSF or BFB Franchise, we may (and we reserve the right to, or not to, at our discretion) provide you with a referral fee in the amount of $5,000. We may implement, end or change this policy, and impose rules or conditions, whenever we choose. We do not expect or want you to be involved in the franchise solicitation, offering or sales process, and you are strictly prohibited from doing so. You are simply passing along to us the name of someone you know who may be interested

in acquiring a new BSSF or BFB Franchise. You are not eligible to receive a referral fee if you purchase another BFB Franchise.

Market and Competition

British Swim School Businesses service the needs of the general public. While you will provide your products and services to the general public, your target market will be the parents of children from 3 months to 10 years of age and beyond, as well as adults. The children's swimming lessons sector is competitive and well-developed. British Swim School Businesses compete with other businesses, including franchised operations, national chains and other professionals who specialize in the children's swim school industry. You will also face normal business risks that could have an adverse effect on your British Swim School Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry-Specific Laws

Certain states and local jurisdictions may have enacted laws, rules, regulations, and ordinances that apply to the care and supervision of children or that apply to conducting swim lessons in a pool. Local laws may govern requirements for the certification of swim instructors. Swim instructors or anyone offering swim lessons, coaching advice or any other activity in or around the pool must be lifeguard certified by the Red Cross or other similar approved service. All your employees, including swim instructors, must undergo criminal background checks with our designated vendor. You must obtain all required licenses, permits, and certificates necessary to operate your British Swim School Business. You should investigate all of these laws. You alone are responsible for investigating and complying with all applicable laws and regulations despite any advice or information that we may give you, to include state and local sales/use taxes. You should consult with a legal advisor about whether these and/or other requirements apply to your British Swim School Business.

ITEM 2
BUSINESS EXPERIENCE

President: Ashley Gundlach

Ashley Gundlach has served as our President since December 2021. Ms. Gundlach previously served as our Director of Marketing from August 2019 until December 2021. Prior to joining Buzz Franchise Brands, Ms. Gundlach worked as Vice President of Client Services of Nexus Direct in Norfolk, Virginia from February 2017 to May 2019, as Associate VP of Client Services of Nexus Direct from May 2016 to February 2017, and as Director of Account Services of Nexus Direct from June 2013 to May 2016.

Chief Financial Officer (CFO): Michael Hull

Michael Hull has served as our CFO since April 2019 and the CFO of BFB, Pool Scouts and Home Clean Heroes, each in Virginia Beach, Virginia, since August 2018. Mr. Hull has also served as the CFO of BFB Light, also in Virginia Beach, Virginia, since June 2022. He previously served as the Vice President of Finance of BFB, Pool Scouts and Home Clean Heroes from January 2017 to August 2018 and the BFB Director of Finance since December 2015. In addition, Mr. Hull served as the Vice President of Finance for Mosquito Joe Franchising, LLC in Virginia Beach, Virginia from December 2015 to August 2018.

Director of Operations: Jay Canaday

Jay Canaday has served as the BSS Director of Operations since July 2021. Mr. Canaday previously served as a Franchise Business Coach from September 2019 to June 2021. Prior to joining Buzz Franchise Brands, he was with Liberty Tax, in Virginia Beach, Virginia, from October 2010 to September 2019, most recently as a Regional Operations Director.

Director of Marketing: Julia Moody

Julia Moody has served as our Director of Marketing Manager since July 2022, previously serving as our Marketing Manager since June 2021. Ms. Moody previously worked as Account Supervisor at Altus Marketing, based in Tulsa, OK from October 2019 to June 2021, and as various positions, but most recently Account Director, at Nexus Direct in Norfolk, Virginia from September 2014 to October 2019.

Vice President of Franchise Development: Chris Davenport

Chris Davenport has served as our Vice President of Franchise Development, the Vice President of Franchise Development for Pool Scouts and the Vice President of Franchise Development for Home Clean Heroes since July 2022 and also as the Vice President of Franchise Development for BFB Light Franchising since March 2023, each in Virginia Beach, Virginia. Mr. Davenport previously served as Vice President of Franchise Development for GYMGUYZ Franchising, LLC in Plainview, New York from August of 2021 to June 2022. Prior to that Mr. Davenport served as the Associate Vice President of Franchise Development for Mathnasium Learning Centers, LLC in Inglewood, California from November 2019 to May 2021 and the Executive Director of Franchise Development for Mathnasium Learning Centers, LLC in Inglewood, California from August 2016 to May 2019.

Director of Franchise Development: Rita Iglesias

Rita Iglesias has served as our Director of Franchise Development since September 2022. Ms. Iglesias has also served as Director of Franchise Development for Pool Scouts and Director of Franchise Development for Home Clean Heroes since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Ms. Iglesias previously served as Franchise Developer for Rita's Italian Ice, LLC in Trevose, Pennsylvania from March 2021 to August 2022. Prior to that, Ms. Iglesias served as Franchise Developer for Franchise Source Brands International, in Southbury, Connecticut, from March 2019 to March 2021 and Director of Franchise & Brand Development for Sweet CeCe's Frozen Yogurt & Treats, in Franklin, Tennessee, from April 2017 to March 2019.

Director of Franchise Development: Austin James

Austin James has served as our Director of Franchise Development since December 2020. Mr. James has also served as Director for Franchise Development of Pool Scouts since December 2020 and Director of Franchise Development for Home Clean Heroes since April 2021 and Director of Franchise Development for BFB Light Franchising since March 2023, each in Virginia Beach, Virginia. Mr. James previously served as a Business Analyst for BFB in Virginia Beach, Virginia from September 2019 to December 2020. Mr. James previously served as a Franchise Support Specialist for BFB from June 2018 to September 2019. Prior to joining BFB, Mr. James was a student at James Madison University from August 2014 to May 2018, graduating with a Bachelor of Business Administration degree in Finance.

Director of Franchise Development: Matthew Karahalios

Matthew Karahalios has served as our Director of Franchise Development since September 2022. Mr. Karahalios has also served as Director of Franchise Development for Pool Scouts and Director of

Franchise Development for Home Clean Heroes, each since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Mr. Karahalios previously served as Director of Franchise Sales from January 2020 to August 2022 and Franchise Sales Manager from January 2018 to December 2019 for Burn Boot Camp in Cornelius, North Carolina.

Director of Franchise Development: Dave Warn

Dave Warn has served as our Director of Franchise Development since July 2019. Mr. Warn has also served as Director of Franchise Development for Pool Scouts since September 2019, Director of Franchise Development for Home Clean Heroes since December 2021 and Director of Franchise Development for BFB Light Franchising since March 2023, each in Virginia Beach, Virginia. Mr. Warn previously served as Vice President of Franchise Development of Deka Lash, LLC in Pittsburgh, Pennsylvania from February 2018 to July 2019 and the Deka Lash Director of Franchise Development from April 2016 to February 2018.

Chief Executive Officer (CEO) (BFB): Kevin W. Wilson

Kevin Wilson has served as the CEO and Board Member of BFB in Virginia Beach, Virginia, since June 2012. He previously served as the CEO of Mosquito Joe Franchising, LLC in Virginia Beach, Virginia, from August 2012 to August 2018. Mr. Wilson has also served as the Chairman of BSSAH in Virginia Beach, Virginia, since April 2019.

President (BFB) and Chief Operating Officer (COO) (BFB): Brian M. Garrison

Brian Garrison has served as the President of BFB since February 2020, COO of BFB since May 2015 and President of BFB Light since June 2022. He previously served as President of British Swim School from July 2019 to November 2021.

Chief Marketing Officer (CMO) (BFB): Angela Zerda Paules

Angela Zerda Paules has served as the CMO of BFB since January 2018 and the CMO of BFB Light since June 2022. Ms. Paules previously served as Vice President of Marketing of BFB from January 2016 to January 2018 and Vice President of Marketing of Home Clean Heroes from August 2017 to January 2018

Vice President of Digital Marketing (BFB): Bridget Rawls

Bridget Rawls has served as the BFB Vice President of Digital Marketing since February 2023. Ms. Rawls previously served as the BFB Director of Digital Marketing from January 2019 to January 2023 and the BFB Digital Marketing Manager from October of 2016 to January 2019, both in Virginia Beach, Virginia.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

David Kevin Warn, our Director of Franchise Development, along with Karen Denise Warn, jointly filed a Bankruptcy Petition under Chapter 13 of the United States Bankruptcy Code on April 24, 2014. On August 20, 2014, the plan was confirmed and on January 27, 2020 the bankruptcy court entered a judgment for a standard discharge of the debts. (U.S. Bankruptcy Court for the Eastern District of California, Sacramento Division, Case No. 14-24219.)

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

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

If you sign a single Franchise Agreement offered by this disclosure document, you must pay us an Initial Franchise Fee of $45,000 upon execution of the Franchise Agreement.

We have established a Community Heroes Program and may offer to qualifying franchisees a $2,500 discount on the Initial Franchise Fee for the first British Swim School franchise, but no discount will be given for franchises under an Area Development Agreement. We include firefighters, law enforcement personnel, emergency medical technicians and personnel, teachers and educational administrative staff in our Community Heroes Program. This discount is offered by us in support of the Heroes First initiative established by our affiliate, Home Clean Heroes Franchising, LLC.

We participate in the VetFran program sponsored by the International Franchise Association (IFA). If you qualify to participate in this program, you may be eligible for a discount of 20% off of the Initial Franchise Fee for the first British Swim School franchise. This discount may not be combined with any other discount. A franchisee that otherwise meets the criteria to qualify for both the Community Heroes Program discount and the VetFran program discount may only receive a single discount.

Except for these programs, the Initial Franchise Fee is expected to be the same for all franchisees subject to this offering. We do not anticipate offering additional Initial Franchise Fee concessions or adjustments, but we reserve the right to do so.

The Initial Franchise Fee is paid when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The Initial Franchise Fee is partially refundable, only if you do not pass our Initial Training ("**Initial Training**") in accordance with our current passing standards for Initial Training, provided that you sign a general release and that you return to us all materials which we distributed to you during Operations Training. The amount of your refund will be offset by any sales commission paid by us. Our current passing standards for Initial Training will be reviewed with you prior to the start of your training and you will be required to sign an acknowledgment form stating you have read and understood said standards.

We may, in our sole discretion, finance a portion of your Initial Franchise Fee. See Item 10. Financing is not offered in California.

Area Development Fee

If we agree to grant you the exclusive right to develop and operate 2 or 3 franchises in a defined Development Area through an Area Development Agreement, you must pay us the Cumulative Franchise Fee as follows:

# of Territories	Cumulative Franchise Fee
One	$45,000
Two	$70,000
Three	$95,000

The Cumulative Franchise Fee is due and payable to us upon your execution of the Area Development Agreement. The Cumulative Franchise Fee is fully earned upon execution of the Area Development Agreement by us. The Cumulative Franchise Fee is refundable only if you do not pass our Initial Training in accordance with our current passing standards for Initial Training, provided that you return to us all materials which we distributed to you during Initial Training.

Under an Area Development Agreement, you and your affiliates may not open a second Franchised Business until the first Franchised Business opened pursuant to the Area Development Agreement has been open for at least twelve months. We typically only approve Area Development Agreements for 2 territories. On occasion and at our sole discretion, we may grant well-qualified and experienced buyers the opportunity to purchase 3 territories. You may purchase additional territories (beyond the number granted in your Area Development Agreement) at the discounted price (currently $25,000 per territory) within 24 months after the opening of your first Franchised Business, provided you are a franchise owner in good standing, and at our sole discretion. We do not grant any right to reserve future territories.

Mailer Program Fees

We or our affiliate, BSS Services, or another affiliate of ours, or another approved supplier, are the only approved supplier of the direct mail program ("**Mailer Program**") in which you must participate. You must purchase all Mailer Program services from us or our affiliate.

You must pay us or our affiliate a fee for the setup of the Mailer Program (the "**Setup Fee**"). Currently the Setup Fee is $1,000 per Territory and must be paid 30 days prior to the scheduled opening date ("**Scheduled Opening Date**") as stated in Attachment A to the Franchise Agreement. If you purchase a developed territory and you are not otherwise a British Swim School franchisee, you must pay the Setup Fee at the time you purchase the developed territory. Each additional territory opened after the first territory will also be charged a one-time Setup Fee of $1,000.

Through the Mailer Program, you are required to send approximately 30,000 postcards to the households associated with the children located in your Territory ("**Targeted Households**") for your Franchised Business each year. The actual schedule, distribution and frequency per household mailed, as well as the number of Targeted Households, will be determined by us in cooperation with you each year to develop the most effective plan. The number of Targeted Households is derived from the annually purchased mailing list defined below, which we purchase from a third-party source. We estimate the number of Targeted Households associated with the children in your territory to be between 10,000 and 15,000, and you will mail to a subset of this group based on your pool location(s). The actual number provided by the third-party source may be higher or lower than that range. You must pay a fee per postcard

for each postcard mailed (the "**Postcard Fee**"). Currently, the Postcard Fee is $0.43 per postcard. The total Postcard Fee for all postcards mailed will be $12,900 per year per Territory.

You must also pay a fee for the cost to obtain the mailing list for your Territory each year (the "**Mailing List Fee**"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory on the mailing list. The Mailing List Fee for 6,000 to 10,000 Targeted Households (the estimated subset of Targeted Households that we expect to be mailed with each. campaign) is $300 to $500. The mailing list is purchased on an annual basis by BSS Services. Specific addresses and names are not shared with franchisees.

The Setup Fee, Postcard Fee and Mailing List Fee are collectively referred to as the "**Mailer Program Fees**"). The total range for the Mailer Program Fees is $14,200 to $14,400.

The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first year in which your Franchised Business is opened, 100% of all Mailer Program Fees cost must be paid 30 days prior to the Scheduled Opening Date. The Mailer Program Fees are non-refundable. After you open your Franchised Business, you have continuing mailing obligations as described in Item 6 and 7. If you fail to pay any Mailer Program Fees, we may suspend your Mailer Program and exercise other remedies we may have, with no liability to us resulting from the actions we are permitted to take.

Digital Advertising Program Fees

We or our affiliate, BSS Services, or another affiliate of ours, or another designated supplier are the only approved provider(s) of the digital advertising program ("**Digital Advertising Program**") in which you must participate. Through the Digital Advertising Program, you are required to pay to us or BSS Services each year the sum of $3,600 (the "**Search Engine Optimization Fee**" or **"SEO Fee")** for search engine optimization services ("**SEO**").

In addition, you are required to pay to us or BSS Services or another approved supplier each year the sum of $11,000 (the "**Digital Marketing Fee**", and with the **"SEO Fee,"** the **"Digital Advertising Program Fees"**) for digital marketing services (e.g., Facebook advertising, pay-per-click services) per Territory. This is the minimum required digital marketing spend. You may wish to spend more to grow your business.

For the first year that the Franchised Business is open, 100% of the Search Engine Optimization Fee and 100% of the Digital Marketing Fee must be paid at the time your website goes live.

The Search Engine Optimization Fee and Digital Marketing Fee are non-refundable.

Technology Fee

Within one month after you sign your Franchise Agreement, you must begin to pay us a monthly technology fee the ("**Technology Fee**"). The Technology Fee is non-refundable and currently covers the cost of the scheduling and billing software, your webpage on the Franchise System website, a franchise management system, a learning management system, a voice-over-Internet protocol (VOIP) system and an email and cloud storage facilities maintenance fee. We reserve the right to adjust the Technology Fee to include fees for (a) any proprietary software or technology that we license or provide to you or (b) any market-driven pricing changes.

Prior to opening, the Technology Fee is approximately $220 per month, and then will increase after franchise opening as you add students and staff. Over time, you can expect the Technology Fee to increase

from $220 to potentially $820 per month per Territory if you have 1,000 or more active students. For more than 3,000 students, we will negotiate with the CRM vendor the CRM fee portion of the Technology Fee that you must pay to us. You should expect to pay up to three months of the Technology Fee (approximately $660) prior to opening.

Purchase of Developed Territories

The purchase price for a developed territory is set according to various factors, including, but not limited to, the following: our then-current Initial Franchise Fee, historical gross volume of business, projected profitability, geographic location, market share, growth potential, length of time in business, and other market conditions. In general, the purchase price is 70-120% of the annual gross revenue of the business. If you purchase a developed Territory, you must sign both our Franchise Agreement and a Transfer and Release Agreement similar to the one in Exhibit M-1, and an Escrow Agreement similar to the one in Exhibit M-2, as well as a purchase agreement as negotiated by the existing franchise owner and you. The purchase price of a developed Territory is due when you sign the Franchise Agreement and the other applicable agreement(s). The purchase price is not refundable.

ITEM 6
OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty[(2)]	10% of Gross Sales	Due on the 5th day of the month	The "Royalty" is based on "Gross Sales" during the previous month. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Marketing Fund Contribution	2% of Gross Sales	Same as Royalty	This contribution will be used for a system-wide "**Marketing Fund**" for our use in promoting and building the British Swim School brand.
Mailer Program Fees[(3)], Consisting of Setup Fee, Mailing List Fee and Postcard Fee	**Setup Fee:** Disclosed in Item 5 as an initial fee.	In advance. See Remarks.	We or our affiliate, BSS Services, or another affiliate of ours, or another approved supplier, are the only approved provider of the Mailer Program in which you must participate. You must purchase all Mailer Program services from us, our affiliate, or our approved supplier. You are required to pay to us, our affiliate, or our approved supplier, the Postcard Fee for all the postcards mailed to the Targeted Households located in your Territory. You must also pay to us, our affiliate, or our approved supplier, the Mailing List Fee each year to cover the cost of obtaining the Mailing List.

Type of Fee[1]	Amount	Due Date	Remarks
	Postcard Fee: Currently, $0.43 per postcard, $12,900 (30,000 postcards) per year. **Mailing List Fee:** Currently, $0.05 per Targeted Household on the mailing list obtained, $300-$500 (6,000 to 10,000 Targeted Households) per year.		The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. The payment schedule for each year after the first year in which your Franchised Business opened will require a payment each month in advance of the mailing. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable. If you fail to pay any Mailer Program Fees, we may suspend your Mailer Program and exercise any other remedy we may have, with no liability to us resulting from the actions we are permitted to take.
Digital Advertising Program Fees, Consisting of SEO Fee and Digital Marketing Fee	SEO Fee: Currently $300 per month ($3,600 per year). Digital Marketing Fee: Currently, $916.66 per month ($11,000 per year).	Monthly or as incurred.	We or our affiliate, BSS Services, or another affiliate of ours, or another designated supplier, are the only approved provider(s) of the required Digital Advertising Program in which you must participate. Through the Digital Advertising Program, you are required to pay to us or BSS Services, or another affiliate of ours, or another approved supplier, each year the SEO Fee for SEO services. The payment schedule for SEO Fees in each year after the first year in which your Franchised Business opened will require you to pay $300 per month starting after the twelfth month that your website went live, payable at the time your website goes live. SEO is a per-website requirement. For a multi-territory franchisee operating from a single website, the SEO fees will be $3,600 regardless of the number of territories open.

Type of Fee[1]	Amount	Due Date	Remarks
			In addition to the required purchase of SEO, you are required to pay to us or BSS Services, or another affiliate of ours, or another approved supplier, each year the Digital Marketing Fee for digital marketing services. The payment schedule for Digital Marketing Fee in each year after the first year in which your Franchised Business opened will require you to pay a minimum of $916.66 per month starting after the twelfth month that your website went live, payable at the close of each month of service. The Digital Marketing Fee is for online placement services such as pay-per-click advertising, Facebook advertising administration, remarketing, and other digital advertising services. The Search Engine Optimization Fee and the Digital Marketing Fee are collectively referred to as the "**Digital Advertising Program Fees.**"
Technology Fee	Estimated at $220/month	Monthly or as incurred	Within one month after you sign your Franchise Agreement, you must begin to pay us the Technology Fee. The Technology Fee is non-refundable and currently covers the cost of the scheduling and billing software, your webpage on the Franchise System website, a franchise management system, a learning management system, a voice-over-Internet protocol (VOIP) system and an email and cloud storage facilities maintenance fee. The Technology Fee is subject to change based on the number of users and the number of active enrolled students. In addition, we reserve the right to adjust the Technology Fee to include fees for (a) any proprietary software or technology that we license or provide to you or (b) any market-driven pricing changes.
Local Advertising Expenditure	$5,000 - $15,000	Annually or as incurred.	You must spend $5,000 - $15,000 on local marketing within your Territory.
Pool Fees	Varies	As incurred	We will collect from you the fees from the third party pool providers that we contract with, to the extent you choose to use one of those pools to provide lessons. The amount of those charges vary, but are currently typically between 10% and 25% of revenues you receive for the lessons given at the pool provider's pool.

Type of Fee[1]	Amount	Due Date	Remarks
Additional Aquatics Initial Training Fee	Then current charge, currently $850 for full training or $250 per person per day if full training is not required, in each case, plus expenses[4]	As incurred	We may charge you a training fee if: (1) additional employees other than you (or your Designated Manager), any territory manager(s), and your Aquatics Lead, if applicable, attend the initial training program; (2) you appoint a new Designated Manager after your existing Designated Manager has completed the initial training program; (3) we determine that you (or your Designated Manager) or any of your employees have not completed the initial training program to our satisfaction; (4) we require you to attend additional training programs to meet our then current standards when you acquire a successor franchise, or (5) you request additional assistance. We may, but are not obligated to, provide you or your swim instructors training at any of your Pools. If the additional training is conducted at your Pool(s), you will also be required to pay our representative's travel and living expenses.
Swim Instructor Training Fee	Then current charge, currently $300 per person per day, plus expenses	As incurred	At your request, we may, but are not obligated to, train your swim instructors from our principal business location (currently, Virginia Beach, Virginia) or at another location designated by us for a fee. We may, but are not obligated to, provide you or your swim instructors training at any of your Pools. If the additional training is conducted at your Pool(s), you will also be required to pay our representative's travel and living expenses. This training is separate from the cost for any lifeguard certification and training.
Virtual Training Fee	Then current charge, currently $100 per person per day	As incurred	At your request, we may, but are not obligated to, train members of your team via a virtual training platform (currently, Zoom) for a fee. You may be required to pay additional expenses for the production, printing and/or shipping of training materials, if required.
Payment Services Fee	Up to 4% of total charge	As incurred	If payment is made to us by a credit card for any fee required (including any fees that you pay to us), we will add a service charge to you of up to four percent (4%) of the payment to the amount charged.
Regional Meetings/Annual Convention/	Annual Convention fee	As incurred.	We may charge a nominal fee to attend required regional meetings or the required annual conventions. In addition, you are responsible for

Type of Fee[1]	Amount	Due Date	Remarks
Annual Aquatics Lead Conference	Annual Aquatics Lead Conference fee Costs and expenses incurred by your attendees, plus the costs of travel, lodging and entertainment. $1,200 if you fail to attend the Annual Convention.	As incurred. As incurred. On receipt of notice.	all costs and expenses incurred by your attendees, including travel, lodging and entertainment. The annual franchisee convention is a critical learning and networking experience for franchisees to continue to grow their business. As a result, attendance is key and if you fail to attend the annual convention, you must pay to us $1,200 upon receipt of notice from us.
Transfer Fee	50% of the then current Initial Franchise Fee for transfer of the Franchise Agreement. No transfer fee for transfer of the Area Development Agreement.	$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee payable at time of the approved transfer.	We will have a right of first refusal to purchase your British Swim School Business should you decide to sell. If the transferee is an immediate family member of you or your Designated Manager in the event of your or the Designated Manager's death or disability, or another active British Swim School franchisee in good standing (based on our sole determination) then no transfer fee shall be required. No fee is imposed for transfer to other British Swim School franchise owners, family members, siblings or qualified employees.
Sales Commission and Broker Fees	Sales commission on our finding a buyer for your Franchised Business (typically not less than 10% of the sales price), and our actual cost of the brokerage commissions, finder's fees, or similar charges	Upon the execution of the Purchase and Sales Agreement by both the buyer and seller.	You may engage us to sell your existing Franchised Business for a fee agreed upon in a Commission Agreement, which will typically not be less than 10% of the sales price. If you transfer your British Swim School Business to a third-party purchaser, you must reimburse all of our actual costs for broker fees, finder's fees and similar charges.
Renewal	$5,000 per Franchise Agreement	At time of renewal.	You will sign a then current Franchise Agreement and execute a general release upon renewal.

Type of Fee[1]	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated your weekly Gross Sales by more than 2% or you fail to submit required reports.
Late Payment[5]	$100 per occurrence, plus lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us is not made by the due date. Interest accrues from the original due date until payment is received in full.
Failure to Submit Gross Sales reports	An amount equal to 110% of the average of the last three Royalty payments and Marketing Fund Contributions that we debited	As incurred	If we cease to have access to your Gross Sales through your computer system and you fail to report your Gross Sales when due, we may debit your account for this amount.
Product Purchases	Our then current product prices	As incurred	You must purchase certain merchandise and supplies that we may require you to use in the operation of your British Swim School Business or that you may make available for sale to your customers. These purchases are in addition to the opening inventory and supplies that you must purchase.
Non-Sufficient Funds Fee	The lesser of $100 per occurrence, or the maximum allowed by applicable state law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if any of us are held liable for claims related to your British Swim School Business's operations or the Franchise Agreement.

Type of Fee[1]	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You will be required to reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Reimbursement for Unused Subscription Refunds	Amount of customer refund, plus 5% interest (or highest commercial contract interest rate allowed by law)	As incurred	In the event you do not refund your customers for unused Swim School Subscriptions within ten (10) days after termination or expiration of the Franchise Agreement, we may pay such customers a refund on your behalf and you must reimburse us the refund amount plus interest.
Taxes	Varies	As incurred	You must reimburse us for any taxes that we must pay to any state or local taxing authority on account of either the operation of your British Swim School Business or payments that you make to us.
Purchased Zip Codes	$2.00 per Targeted Household within the unoccupied zip code(s) that is immediately adjacent to your Territory		We may, in our sole discretion, permit you to add Purchased Zip Codes (defined as unoccupied zip codes, which are immediately adjacent to your Territory) at a cost of $2.00 per Targeted Household located within that unoccupied zip code. The fee for the Purchased Zip Codes will be due at the time we agree, and you purchase, the Purchased Zip Codes.
Attorneys' fees and other costs	For both the Franchise Agreement and Area Development Agreement: Will vary under the circumstances.	As incurred	Payable if we prevail in any legal dispute with you.

Notes:

1. Fees. All fees paid to us are uniform, unless otherwise noted above, and non-refundable. We currently require you to pay fees and other amounts due to us via electronic funds transfer ("**EFT**") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document as Exhibit K). We can require an alternative payment method or payment frequency for any fees or amounts owed to us under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Gross Sales. "Gross Sales" means the total of all revenues and income generated from the British Swim School Business and other related merchandise, products and services to your customers whether or not sold or performed at or from the British Swim School Business, and whether received in cash, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. If you offer any services, including catering or special events, all receipts from these services (including additional delivery charges) are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter and/or exchange transactions in which you furnish services and/or products in exchange for goods and/or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services so provided to you.

3. Mailer Program Fees. We believe the Mailer Program Fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provided comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term, system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include a mark-up which exceeds the direct costs of the Mailer Program, and we may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

4. Additional Training Expenses. You must pay all travel and living expenses (including wages, transportation, food, lodging and workers' compensation) that you (or your Designated Manager), any territory manager(s), Aquatics Lead, if applicable, or any other attendee incurs during all mandatory training courses and programs.

5. Late Payment. The maximum interest rate which may be charged in California is 10% annually. The maximum late fee that may be charged in Minnesota is $30.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee[(1)]	$45,000	Lump Sum	When you sign the Franchise Agreement	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Mailer Program Set-Up Fee[2]	$1,000	Lump Sum	30 days prior to the Scheduled Opening Date	Us or BSS Services
Mailing List Fee[2]	$300 to $500	Lump Sum	30 days prior to the Scheduled Opening Date	Us or BSS Services
Postcard Fees[2]	$12,900	Lump Sum	30 days prior to the Scheduled Opening Date	Us or BSS Services
SEO Fees[3]	$3,600	Lump Sum	When your website goes live	Us or BSS Services
Digital Marketing Fees[3]	$11,000	Lump Sum	When your website goes live	Us or BSS Services or our Approved Supplier(s)
Pool Security Deposit[4]	$0 to $1,000	As Arranged	As Arranged	Third Parties
Pool Usage Fee[4] – 3 months	$1,500 to $7,500	As Arranged	As Arranged	Third Parties or us
Opening Inventory (pool equipment, training supplies, learning aids)[5]	$3,050 to $6,100	As Arranged	Before Opening	Third Parties
Signage[6]	$250 to $750	As Arranged	Before Opening	Third Parties
Training: Travel and Living Expenses[7]	$1,500 to $4,000	As Arranged	As Incurred	Third Parties
Accountant and Legal Fees[8]	$300 to $1,000	As Arranged	As Arranged	Third Parties
Insurance Premium[9]	$2,400 to $5,000	As Arranged	Annually	Insurance Company
Computer System	$0 to $3,500	As Arranged	As Arranged	Third Parties
Office Security Deposit[10]	$0 to $1,500	As Arranged	As Incurred	Third Parties
Office Rent, Office Furniture, Fixtures and Equipment – 3 Months	$0 to $4,500	As Arranged	As Arranged	Third Parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Technology Fee – 3 months	$660	As Arranged	Monthly	Us
First 3 Months of Aquatics Lead[11]	$7,500 to $10,500	As Arranged	As Incurred	Employees and Third Parties
Additional Funds – 3 Months[12]	$9,000 to $15,000	As Arranged	As Incurred	Employees and Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT[13]	Single Franchise $99,960 to $135,010			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. Initial Franchise Fee. The Initial Franchise Fee for a single unit franchise is $45,000. If you have signed an Area Development Agreement, you will pay the Cumulative Franchise Fee based on the number of franchises you acquire. See the chart below for the range of expenses payable for a franchise opened under an Area Development Agreement. If you qualify to participate in our Community Heroes Program, your Initial Franchise Fee may be $42,500. We participate in IFA's VetFran program; as part of that program, we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Franchised Business. You may only receive one discount, either Community Heroes or VetFran, and no discount will be given for either program for subsequent franchises under an Area Development Agreement. We may, in our sole discretion, finance a portion of your Initial Franchise Fee. The annual interest rate is typically 12% but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed. See details in Item 5 and Item 10.

2. Mailer Program. We or our affiliate, BSS Services, or another affiliate of ours are the only approved provider of the Mailer Program in which you must participate. You must purchase all Mailer Program services from us or our affiliate. Through the Mailer Program, you are required to send approximately 30,000 postcards to the Targeted Households associated with the children located in your Territory for your Franchised Business each year. The actual schedule, distribution and frequency per household mailed, as well as the number of Targeted Households, will be determined by us in cooperation with you each year to develop the most effective plan. You must pay a fee per postcard for each postcard mailed (the "Postcard Fee"). Currently, the Postcard Fee is $0.43 per postcard, and the total Postcard Fee is $12,900 each year based on 30,000 postcards mailed.

   You must pay the Setup Fee, which is currently $1,000, per territory, regardless of how many territories you purchase. This is a one-time fee per territory.

   You must pay the Mailing List Fee, which is currently $0.05 per Targeted Household on the mailing list. The range for the Mailing List Fee is based on the number of Targeted Households which contain children between the ages of three (3) months and ten (10) years in a given Territory. The number of children in Targeted Households is based on information we obtain from a third-party

provider. The mailing list is purchased on an annual basis by BSS Services. Specific addresses and names are not shared with franchisees.

The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first year of each Franchised Business opened, 100% of the Mailer Program Fees must be paid 30 days prior to the Scheduled Opening Date, provided that if you are not an existing franchisee and you purchased a developed territory, the Setup Fee must be paid at the time you purchased the developed territory. The Mailer Program Fees are non-refundable.

3. Digital Advertising Program. We or our affiliate, BSS Services, or approved supplier(s) designated by us are the only approved provider(s) of the required Digital Advertising Program, consisting of SEO and Digital Marketing (e.g., pay per click, Facebook advertising, etc.) in which you must participate.

   In the first year in which your Franchised Business is open, 100% of the SEO Fee for SEO must be paid at the time your website goes live. The payment schedule for the SEO Fee for SEO in subsequent years, will require you to pay $300 per month, starting after the twelfth month that your website went live, payable in advance 1 month prior to the month of service. SEO is a per-website requirement; for a multi-territory franchisee operating from a single website, the SEO fees will be $300 per month regardless of the number of territories open.

   In addition to SEO, we also require you to pay to us or our affiliate, BSS Services, or an approved supplier, the Digital Marketing Fee, currently a minimum of $916.66 per month, for online placement services, such as pay per click, Facebook advertising, remarketing, and various other digital advertising services. In the first year in which your Franchised Business is open, 100% of the Digital Marketing Fee must be paid at the time your website goes live. Starting after the twelfth month that your website went live, the Digital Marketing Fees will typically be billed at the close of each month of service and will be paid to BSS Services or our approved supplier(s) of digital advertising services directly.

4. Pool Security Deposit and Pool Usage Fees. You will negotiate the Pool usage fees and any associated security deposit when you enter into an agreement with the owner or operator of the Pool. Your actual costs may vary from our estimates due to location, demand and availability of other swimming pools in your Territory. Pool Usage Fees shown here are based on 3 months' worth of payments.

5. Opening Inventory. We require all franchisees to purchase certain opening supplies and inventory items that contain our Marks from third-party suppliers. This includes uniforms and the products available for sale to customers. This also includes the toys, supplies and equipment approved by us that are used as teaching aids during the swim lessons. The higher figure includes additional opening supplies and inventory if a second pool is opened simultaneously upon startup.

6. Signage. This includes signage to be displayed at the Pool.

7. Training: Travel and Living Expenses. This includes transportation, food, lodging and other expenses that you (or your Designated Manager), any territory manager(s) and your Aquatics Lead, and any other attendees incur in attending the initial training program. These expenses may vary based on the distance you must travel and the standard of living the attendees desire while attending the initial training program. We provide the initial training program for no additional fee to you (or your Designated Manager), any territory manager(s) and your Aquatics Lead as long as you

attend the same training session. You may invite additional employees to attend the initial training program, if space allows, but we reserve the right to charge you the then-current fee, currently $850 for each individual attending the initial training program. In the event that you (or your Designated Manager), any territory manager(s) or your Aquatics Lead fail to complete the initial training program to our satisfaction, we reserve the right to require such individual to attend additional training and we will charge you a training fee (currently $500 per day) for such additional training.

8. Accountant and Legal Fees. This includes fees for legal (e.g., franchise documentation review) and start-up costs associated with the franchisee's new corporate entity.

9. Insurance Premium. You must obtain and maintain certain types and amounts of insurance through our designated vendor. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, revenue, number of employees, wages paid, square footage, location, business contents and other factors bearing on risk exposure. This estimate contemplates that your British Swim School Business will pay an annual installment before you begin teaching swim lessons.

10. Office. Some franchisees will operate their British Swim School Businesses out of their residences. The low end of this range contemplates that you will utilize an existing home office and the high end of this range contemplates that you will lease a furnished office space.

11. Aquatics Lead. If you will not be the trainer and manager of the swim instructors, you must hire a lead Aquatics position. This individual will be your lead swim instructor and will be responsible for the execution of the British Swim School aquatics program in accordance with our System and Standards. The term "lead" may translate to an Aquatics Trainer, Manager or Director, which you will determine based on your role (or the role of your Designated Manager) and what functions they are expected to perform. They enable the training of further instructors as you expand. They will be expected to attend the initial aquatics training with you at one of our designated regional training centers. Figures shown are an indicative salary range for the first three months of operating. Additional information on this position can be found in Item 15 of this document.

12. Additional Funds – 3 Months. You will need to support ongoing expenses, such as payroll, supplies, local marketing initiatives (in addition to what is outlined, above) and other operating costs to the extent these costs are not covered by the gross revenue of the British Swim School Business. We estimate that the amount stated will be sufficient to cover ongoing expenses for the initial phase of the business, which we calculate to be 3 months. We relied on our experience in the offer and sale of British Swim School Franchises as well as our owner's experience with affiliate-owned British Swim School Businesses.

13. Figures May Vary. This amount reflects our current estimate of your initial investment for a British Swim School Business. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

Area Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Cumulative Franchise Fee[(1)]	$70,000 to $95,000	Lump Sum	On signing the Area Development Agreement	Us
Investment for 2 to 3 Franchised Business[(2)]	$97, 020 to $212,830	See Previous Chart	See Previous Chart	See Previous Chart
TOTALS[(3)]	$167,020 to $307,830			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. Cumulative Franchise Fees vary depending on whether you acquire the rights to open 2 or 3 Franchised Businesses, as more fully described in Item 5.

2. If you sign an Area Development Agreement, you will incur the full cost of opening your first Franchised Business within 120 days of the Effective Date of the Area Development Agreement, in addition to the applicable Cumulative Franchise Fee. The low range shown above (for both the Cumulative Franchise Fee and the overall investment) represents the cost for 2 Franchised Businesses and the high range shown above (for both the Cumulative Franchise Fee and the overall investment) represents the cost for 3 Franchised Businesses. The range takes into consideration that certain fees may not be applicable to the second and third Franchised Businesses. For example, assuming that the Franchised Businesses are located in the same geographic area, only 1 SEO Fee is payable, regardless of the number of Franchised Businesses that you open. In addition, we have assumed that you will operate each Franchised Business from your home or the same office location, so that you only incur the costs for a computer system, office deposit, rent and furniture, fixtures and equipment one time. If you elect to operate the Franchised Business from multiple offices, you will incur additional expenses for each office. We have also assumed that 1 Aquatic Lead is sufficient for 2 to 3 Franchised Businesses. If you elect to engage more than 1 Aquatic Lead, you will incur additional costs for any additional Aquatic Leads.

3. The total investment to open 2 to 3 Franchised Businesses under an Area Development Agreement is $167,020 to $307,830, with the range depending on the total number of units acquired under the Area Development Agreement and the variable factors listed in the chart for the estimated investment in a single Franchised Business (e.g., pool usage fees, signage, etc.). Our estimated investment for 2 to 3 Franchised Businesses is based on the amounts included in this Disclosure Document. The cost of opening Franchised Businesses in subsequent years according to the development schedule agreed to in the Area Development Agreement may vary, as those estimates may change over time.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must comply with the standards, specifications, operating procedures and rules ("**System Standards**") that we periodically prescribe for operating a British Swim School Business in the Franchise Agreement and in our operations manual, which may include access to an Internet site containing information, as well as a variety of media and material; including but not limited to audio, video, compact discs, computer software, newsletters, bulletins and other written or electronic materials (collectively, the "**Operations Manual**"). We may modify the Operations Manual periodically to reflect changes in System Standards, and we will notify you, typically by email, of changes made to the Operations Manual. System Standards may regulate, among other things, scheduling and managing swim lessons; customer service standards and policies; qualifications and tests for swim instructors and other employees, including criminal background checks (although you will have sole responsibility and authority concerning employee selection and promotion); amounts and types of swim lessons to be offered, including lesson class sizes; days and hours of operation; supplies, equipment and inventory management; use and display of the Marks at your British Swim School Business and on Operating Assets (defined below) and other materials; terms and conditions of Swim School Subscriptions; sales, marketing, advertising, and promotional strategies and programs and materials/media used in these programs; recommended liability waiver forms for customers; use and acceptance of gift cards, loyalty programs, coupons, passes, certificates and discounts; policies regarding credit and debit cards, other payment systems, and check verification services; participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils; and administrative, accounting, reporting and record retention.

You must purchase all required products, signs, inventory and equipment (collectively, the "**Operating Assets**") and components of the "**Computer System**" (defined in Item 11) that meet our specifications and standards for quality, design, appearance, function, and performance. You must purchase products and services required for your British Swim School Business only according to our standards and specifications. These standards include the requirement that you obtain certain products and services from designated suppliers, approved suppliers and/or according to our specifications. You also must discontinue selling any products or services that we at any time decide to disapprove in writing.

You must participate in gift card, coupon, pass, electronic payment, certificate and customer loyalty programs as required by us. There are no required gift card, coupon, pass, electronic payment, certificate or customer loyalty programs at this time.

Designated and Approved Suppliers

You must purchase or lease approved brands, types or models of products, services, supplies, Operating Assets or other items only from suppliers we designate or approve. If we designate such products and services are to be purchased through approved and/or designated third party suppliers, then you shall purchase such products and services from such suppliers in compliance with the terms and in the manner approved by us. We may be a designated or approved supplier or distributor, or otherwise be a party to these transactions. We may concentrate purchases with one or more manufacturers, distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of British Swim School Businesses franchised or operated by us.

Approval of a product or supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency and speed

of delivery, past experience with our franchisees, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria and may be temporary pending our continued evaluation of the supplier from time to time. All suppliers must meet the standards and specifications established by us. We will not issue to you or any of our approved suppliers (except as we deem necessary for purposes of production) our standards and specifications.

If you would like to purchase or use any products, services, Operating Assets or materials that we have not approved or from any unapproved supplier, you must submit to us a written request for approval of the proposed product and/or supplier prior to purchasing any such item. We reserve the right to charge you an application fee and require you to reimburse us for our expenses (which will not exceed the reasonable cost of the research and inspection and the actual cost of the test) to make the evaluation. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to a third party we designate for testing. We shall notify you in writing of the approval or rejection of the proposed supplier within a reasonable time after completion of the investigation of the proposed supplier. If we fail to respond within 60 days, your request will be deemed denied. We may elect to withhold approval of the supplier. We are likely to reject your request for a new supplier without conducting any investigation if the proposed supplier is for items bearing our Marks or if we already have designated an exclusive supplier for the item proposed to be offered by the new supplier. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We also reserve the right to charge suppliers a royalty or require a rebate for the right to manufacture products for use in British Swim School Businesses.

Currently, we or our affiliates or our designated suppliers are the only approved supplier of the Mailer Program, Digital Advertising Program and certain technology, including access to scheduling and billing software, telephony, business intelligence software, email and cloud storage facilities and POS software. We reserve the right to become a designated supplier of additional products, supplies, services or materials in the future.

Except as provided above, we are not currently an approved supplier of any approved products, services, or Operating Assets, but we reserve the right to be an approved or designated supplier in the future. Except as provided above, you are not required to purchase any goods, services, supplies, Operating Assets, or other items from us, from our designated or approved suppliers, or under our specifications. However, we may require you to use designated suppliers for other goods and services and require you to sell certain products in the future or to designate an exclusive supplier for certain items in the future.

Insurance

In addition to the purchases or leases described above, you must also obtain and maintain, at your own expense and from our designated supplier, the minimum insurance coverage that we periodically require under the Operations Manual, including a minimum of $2,000,000 per occurrence in general liability, $2,000,000 personal and advertising liability, $1,000,000 auto liability, $2,000,000 products/completed operations liability and when necessary, property coverage, umbrella liability and workmen's compensation in amounts required by applicable law. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your British Swim School Business's operation or activities of your personnel in the course of their employment. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated vendor. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher

damage awards or other relevant changes in circumstances. Each insurance policy must name us as additional named insureds and provide for 30 days' prior written notice to us before the cancellation or material change of the policy. Each insurance policy must also name the owner or operator of each of your Pools as additional named insureds prior to us approving you to provide lessons or other services at each Pool. Each insurance policy must contain a waiver of all subrogation rights against us. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

Percentage of Total Purchases

Collectively, the purchases and leases you obtain according to our specifications or from approved or designated suppliers represent approximately 80% of your total purchases and leases to establish your British Swim School Business and approximately 25% of your total purchases and leases to operate your British Swim School Business.

Purchase Agreements, Material Benefits and Revenue

Other than purchase agreements we have for products and supplies that we sell to you, we have not negotiated any purchase arrangements with manufacturers and suppliers (including price terms) for the benefit of franchisees, but we may do so in the future. We also may establish purchasing programs with certain vendors for supplies, equipment and other materials. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for British Swim School Businesses.

We may derive revenue based on your purchases and leases (including from charging you for goods or services we provide to you and from payments made to us by suppliers that we designate or approve for some or all of our franchisees). In 2022, we received supplier rebates totaling $37,626 based on franchise system purchases.

Except as disclosed above, we did not derive revenue or other consideration from required purchases, supplier rebates or franchisee leases in our last fiscal year, but we reserve the right to do so in the future. Our affiliate, BSS Services, received revenue totaling $1,066,284 in 2022 from required purchases by our franchisees. This amount represented 100% of its revenue. BSS Services calculates its revenue as all revenue from all Services, products and materials sold, less discounts and returns.

Except for ownership interests in BFB, none of our officers own any interest in any approved supplier.

We do not provide material benefits to franchisees based on purchases of particular products or services or use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists our 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 Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 2A of Franchise Agreement	Sections 1 & 3	Item 11 and 12
(b) Pre-opening purchases/leases	Sections 2A, 2B, 2C and 2E of Franchise Agreement	Sections 3 & 5	Items 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Section 2 of Franchise Agreement	Sections 3 & 5	Items 7, 8, and 11
(d) Initial and ongoing training	Section 4A of Franchise Agreement	Section 5	Items 6, 7, and 11
(e) Opening	Section 2E of Franchise Agreement	Section 5	Item 11
(f) Fees	Sections 2C, 3, 4A, 4B, 8G, 9B, 11B, 12C, 15A, 17C of Franchise Agreement	Section 2	Items 5, 6, 7, and 11
(g) Compliance with standards and policies/Operations Manual	Sections 4B, 4C, 5B, 8, 9C, and 15 of Franchise Agreement	Sections 3 & 5	Items 8, 11, 13, and 14
(h) Trademarks and proprietary information	Sections 5 and 6 of Franchise Agreement	Sections 5 & 8	Items 13 and 14
(i) Restrictions on products/services offered	Sections 8B, 8C, 8D, 8H and 8I of Franchise Agreement	Not Applicable	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Section 8E of Franchise Agreement	Not Applicable	Item 8
(k) Territorial development and sales quotas	Sections 1C, 1D, 1E, 13D, and Attachment B of Franchise Agreement	Sections 1 & 3 & Exhibit A	Item 12
(l) On-going product/service purchases	Sections 8B and 8D of Franchise Agreement	Not Applicable	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Section 8A of Franchise Agreement	Not Applicable	Items 6, 8, 11 and 17
(n) Insurance	Section 8G of Franchise Agreement	Not Applicable	Items 6, 7 and 8
(o) Advertising	Section 9 of Franchise Agreement	Not Applicable	Items 6, 7, 8, and 11

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
(p) Indemnification	Section 16D of Franchise Agreement	Section 11	Item 6
(q) Owner's participation/ management/ staffing	Sections 1B, 4E, 8F, and 8I of Franchise Agreement	Not Applicable	Items 11 and 15
(r) Records and reports	Section 10 of Franchise Agreement	Section 5	Item 6
(s) Inspections and audits	Section 11 of Franchise Agreement	Not Applicable	Items 6 and 11
(t) Transfer	Section 12 of Franchise Agreement	Section 7	Item 17
(u) Renewal	Section 13 of Franchise Agreement	Not Applicable	Item 17
(v) Post-termination obligations	Section 15 of Franchise Agreement	Section 6	Item 17
(w) Non-competition covenants	Section 7 and Sections 15E and 15F of Franchise Agreement	Section 8	Item 17
(x) Dispute resolution	Section 17.E of Franchise Agreement	Sections 6, 8 & 16	Item 17

ITEM 10
FINANCING

Franchise Financing. We and/or one of our affiliates may, in our or their sole discretion, finance up to half of your initial investment or operating capital. Whether we will extend financing and the amount of financing will vary depending on, among other factors, the availability of funds, your creditworthiness, the market conditions in your area, and your compliance with existing franchise agreements. The annual interest rate is typically 12% but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed (Example: $14,750 financed for 3 years at 12% the monthly payment would be $484.06), but we may require other repayment terms such as the submission of daily credit card receipts. The repayment terms that we offer will vary based on your creditworthiness and the amount financed. You or, in the case of an entity, your principals, must personally guarantee the debt. We may require a security interest in the assets of the Franchised Business. You may prepay the financed amount at any time during the term of the loan without penalty. You waive the homestead and other available exemptions, presentment, demand, protest, notice of dishonor and all other notices. If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, and seek our collection costs including attorney's fees from you, and terminate your franchise agreement. See Exhibits J-1, J-2 and J-3.

We and/or our affiliates reserve the right to sell, assign or discount any note or other obligation arising out of the Franchise Agreement to a third party. If we or our affiliates assign your note, it will not affect our obligation to provide the services described in the Franchise Agreement, but the third party may be immune under the law to any defenses to payment you may have against us.

Currently, we do not offer any lease arrangements. However, in the future we and/or our affiliates or a third-party leasing company may offer lease financing for vehicles, equipment, signs and furniture. Such leasing will be subject to the availability of leasing capacity and your creditworthiness. We are not obligated to provide such leasing programs. If leasing is available pursuant to third party agreements, you may lease only those items which we indicate as eligible for leasing. We do not currently receive any payment from such arrangements with third party leasing companies, though we may receive revenue from your purchase of the leased items. The terms of such leasing programs vary and are yet to be determined for the coming year. Of course, if we do offer a leasing program and you elect to participate, you are obligated to make payments as required by the lessor. In the event you fail to make such payments, whether or not you sign the leasing paperwork, the entire lease amount will become due and payable immediately. We will charge interest on the amounts outstanding and delinquent amounts will subject you to the termination provisions of the Franchise Agreement.

We do not receive payments from any person for the placement of financing, although in the future, we may accept referral fees. We may but are not required to assist you in your efforts to seek financing from third parties.

We do not provide any financing in the State of California.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your British Swim School Business, we (or our designees) will:

Franchise Agreement

1. Provide you mandatory and suggested criteria for swimming pools for your British Swim School Business, assist with initial swimming pool location efforts and approve a swimming pool that you propose as meeting our standards and specifications for your Pool (Franchise Agreement – Section 2.A).

2. Consent in writing to the agreement for the Pool rental ("**Pool Agreement**") for your British Swim School Business (Franchise Agreement – Section 2.A).

3. Identify the Operating Assets, including the Computer System and other products and supplies that you must obtain and use to develop and operate your British Swim School Business, the standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (Franchise Agreement – Sections 2.B, 2.C, 2.D and 8).

4. Train you (or your Designated Manager) and your Aquatics Lead if you will not be the trainer and manager of the swim instructors at our principal business location (or another designated facility of our choice) (Franchise Agreement – Section 4.A).

5. Provide you training requirements and criteria for the swim instructors of your British Swim School (Franchise Agreement – Section 2.D).

6. Provide you access to our Operations Manual (Franchise Agreement – Section 4.C).

Area Development Agreement

The Area Development Agreement does not require us to provide any pre-opening services to you.

Other than as described above, we do not have any other pre-opening obligations and are not required to provide, deliver or install equipment and signs or any other pre-opening assistance to you prior to the opening of the Franchised Business.

Site Selection

Your British Swim School Business may not provide swim lessons from any location other than a Pool that we approve within your Territory. We typically do not own any pools. You are responsible for selecting each Pool for your British Swim School Business. The factors we consider in approving a swimming pool for a Pool include location and neighborhood, pool size, parking, customer access, and physical characteristics of the pool. There is no time limit within which we must approve or disapprove a proposed swimming pool and notify you of our decision. However, we may terminate the Franchise Agreement if you fail to begin teaching swim lessons through your British Swim School Business within 120 days of the Scheduled Opening Date of the Franchise Agreement, unless we otherwise consented to a longer period of time. (Franchise Agreement – Section 2.A.) If we do not approve your pool, you cannot open the British Swim School Business and we may terminate your Franchise Agreement. If you sign an Area Development Agreement, you must select each Pool in the same manner and we will consider each of your selections in the same manner as provided for in each Franchise Agreement that you execute.

If you elect to operate your British Swim School Business from a location other than your home office, it will be at your expense, and we must approve of the office location prior to you acquiring or leasing the office location. You must submit to us, in the form we specify, location information, as we may reasonably require, together with a copy of the lease, on terms satisfactory to us. We will have 15 days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site by written notice to you within 15 days, such site will be deemed approved. In approving a location for the Franchised Business, we consider various factors, including but not limited to, demographics, property desirability and the area surrounding the proposed location. (Franchise Agreement – Section 8.K.)

Opening Requirements

We estimate that you will begin operating your British Swim School Business 90 to 120 days after signing the Franchise Agreement, depending on when you complete the necessary training, select and obtain our approval for a Pool, meet our standards and specifications, acquire the required insurance policies, meet all regulatory requirements, obtain all required permits, and obtain the required Operating Assets, including the Computer System and other supplies. We may terminate the Franchise Agreement and retain your initial franchise fee payment if you fail to begin teaching swim lessons through your British Swim School Business within 120 days of the Scheduled Opening Date as set forth in the Franchise Agreement. (Franchise Agreement – Section 2.E.)

Continuing Obligations

Franchise Agreement

During the operation of your British Swim School Business, we (or our designee) will:

1. Advise you regarding your British Swim School Business's operation based on your reports or our inspections. (Franchise Agreement – Section 4.B.)

2. Provide updated Systems Standards and continue to provide you access to our Operations Manual. (Franchise Agreement – Sections 4.B and 4.C.)

3. Let you use our Marks and certain copyrighted and copyrightable materials. (Franchise Agreement – Section 5.)

4. Provide you mandatory and suggested criteria for additional swimming pools for your British Swim School Business. We will only approve of additional swimming pools that meet our criteria. (Franchise Agreement – Section 2.A.)

5. Consent in writing to additional Pools and Pool Agreements for your British Swim School Business. (Franchise Agreement – Section 2.A.)

6. Identify the Operating Assets, including the Computer System and other products and supplies that you must obtain and use to develop and operate your British Swim School Business, the standards and specifications that you must satisfy and the designated and approved suppliers from whom you must or may buy or lease these items. (Franchise Agreement – Sections 2.B, 2.C, 2.D and 8.)

7. Continue to provide you training requirements and criteria for the swim instructors of your British Swim School Business. (Franchise Agreement – Section 2.D.)

8. We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. (Franchise Agreement – Section 8.H.)

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques.

2. Make periodic visits to the Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then current training charges.

3. Maintain and administer a Marketing Fund. We may dissolve the Marketing Fund upon written notice. (See Franchise Agreement-Section 9B)

4. Hold periodic national or regional conferences to discuss business and operational issues affecting British Swim School franchisees. You are required to attend all of these conferences.

Area Development Agreement

The Area Development Agreement does not require us to provide any continuing services to you.

Other than as described above, we do not have any other continuing obligations to you in connection with your operation of the Franchised Business.

Operations Manual

The current table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit G. We may modify the Operations Manual periodically to reflect changes in System Standards. There are approximately 170 pages in our Operations Manual.

Advertising and Promotion

National Advertising and Marketing Fund

We raise fees related to system marketing through the Marketing Fund Contributions and ongoing Marketing Fund Contributions collected from our franchisees. You will be required to pay the Marketing Fund Contribution, currently equal to 2% of Gross Sales, as more fully described in Item 6. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System, but we are not required to spend any amount on advertising in your particular Territory. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We produce advertising in-house and through advertising agencies. Franchises that we (or our affiliates) own and operate will contribute Marketing Fund Contributions equal to those contributed by our franchisees. (Franchise Agreement - Section 9.C.)

We maintain all Marketing Fund Contributions in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fund Contributions are not our asset. Any monies remaining from Marketing Fund Contributions at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fund Contributions at any time, in which case all Marketing Fund Contributions remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fund Contributions and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We do not use any Marketing Fund Contributions collected from franchisees to solicit new franchise sales. We are not a fiduciary of yours with respect to the Marketing Fund Contributions. (Franchise Agreement - Section 9.C.)

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. With our prior approval, we may permit advertising outside of your Territory. We recognize that there may be occasions where print, radio, television and digital advertising have reach beyond your Territory. In those instances, prior to you signing any agreement for

such advertising or placing, running, approving or engaging in any such advertising, you must have our approval. (Franchise Agreement - Section 9.B.)

We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s), as well as the observance of our privacy policy with information gathered through our forms. We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as Facebook, Instagram, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement - Section 9.E.)

We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with Marketing Fund Contributions. We do not guarantee that you will benefit directly from any advertising or marketing. (Franchise Agreement - Section 9.C.) The marketing fees will be spent in a way, which in our judgment, benefits the franchise system. We have not spent any marketing fees to solicit new franchisees. Marketing expenditures are not audited other than as part of the Company's annual audit of its financial statements. A summary of Marketing Fund Contributions raised and spent is available to you upon submission of a written request to us. You will not receive a periodic accounting of how we spend the Marketing Fund Contributions we collect. However, upon the completion of the Company's annual audit you may obtain an accounting of marketing expenditures by sending a written request to the attention of our Accounting Department.

In the fiscal year ending December 31, 2022, the Marketing Fund was used as follows: 62% on public relations and advertising, 17% on production and website development and 21% on administrative. We do not use Marketing Fees collected from franchise owners to solicit new franchise sales.

Required Advertising Expenditures

For each Franchised Business, upon reaching or exceeding $1,000,000 in Gross Sales in a given calendar year, you are required to annually spend an amount on marketing (the "**Required Advertising Expenditure**") based on the previous year's Gross Sales in the succeeding year, as described in the chart below. The Required Advertising Expenditure includes the required British Swim School centrally managed programs, as well as your own local marketing efforts. At present, we and/or BSS Services manages the Mailer Program and the Digital Advertising Program, each as described below and each of which count toward your Required Advertising Expenditure. Local marketing initiatives are necessary to supplement the centrally managed programs and should be coordinated with the corporate team.

Prior Year Total Revenue (PYNR)	Required Advertising Expenditure ($)[1]
$1,000,000 to $1,249,999	PYNR x 5%
$1,250,000 to $1,499,999	PYNR x 4%
$1,500,000 and above	$50,000

Note 1: Required Advertising Expenditure is for the subsequent calendar year based on the Gross Sales of the previous calendar year.

Mailer Program

We or our affiliate, BSS Services, or another affiliate of ours are the only approved supplier of the Mailer Program in which you must participate. You must purchase all Mailer Program services from us, BSS Services or another of our affiliates. (Franchise Agreement - Section 3.C.)

Digital Advertising Program

We or our affiliate, BSS Services, or another affiliate of ours or our designated supplier will provide digital advertising services which includes search engine optimization services and management, pay-per-click, Facebook advertising, remarketing and other digital services. You must pay us, our affiliate or our designated supplier for these services. (Franchise Agreement - Section 3.D.)

Local Advertising

Local marketing activities are your responsibility and are necessary to complement the centrally managed Mailer Program and Digital Advertising Program. During the first year in which your Franchised Business is open, you must complete a local marketing plan with our team and submit it via email prior to your Scheduled Opening Date. You must complete and submit a local marketing plan annually by January 31st for each subsequent year. As specified in the Operations Manual, you must use pre-approved marketing templates and collateral, or receive our approval for any marketing collateral not previously approved. You must spend $5,000 to $15,000 on local marketing within your Territory ("**Local Advertising Expenditure**") during each calendar year. Upon our request, you must send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures.

Your local advertising and promotions must follow our guidelines. All advertising and promotional materials developed for your British Swim School Business must contain notices of our Franchise System Website's (defined below) domain name in the manner we designate. All advertising, promotion and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethics and our advertising and marketing policies.

All advertising, promotion and marketing must conform to our System Standards. You must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved at least 10 days before you intend to use them. If we do not approve the materials within 5 days of our receipt of such materials, then they shall be deemed disapproved. You may not use any advertising, promotional or marketing materials that we have not approved or have disapproved. (Franchise Agreement – Section 9.B.)

Local Advertising Cooperative

We do not currently have a local advertising cooperative.

Franchisee Advisory Council

We have established and receive input and feedback from an advisory council called the "**Franchise Advisory Council**" or "**FAC**." The FAC is comprised of franchisee representatives selected by us. The FAC serves in an advisory capacity only and does not have operational or decision making power. We have the ability to form, dissolve and change the FAC.

Franchise System Website

We may establish a website ("**Franchise System Website**") to advertise, market, and promote British Swim School Businesses, the products and services that they offer and sell, and/or a British Swim School franchise opportunity. We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your British Swim School Business. If we provide you with a webpage on the Franchise System Website, you must (i) provide us the information and materials we request to develop, update, and modify your webpage, including information on your Pool(s); (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information it contains (including the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply). We have the right to maintain websites other than the Franchise System Website.

We will maintain the Franchise System Website, and may use the Marketing Fund's assets to develop, maintain and update the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage). We have final approval rights over all information on the Franchise System Website (including your webpage). We may implement and periodically modify System Standards relating to the Franchise System Website.

Even if we provide you a webpage on our Franchise System Website, we will only maintain such webpage while you are in full compliance with the Franchise Agreement and all System Standards we implement (including those relating to the Franchise System Website). If you are in default of any obligation under the Franchise Agreement or our System Standards, then we may temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon the Franchise Agreement's expiration or termination.

All advertising, marketing, and promotional materials that you develop for your British Swim School Business must contain notices of the Franchise System Website's domain name in the manner we designate. Only we have the right to sell products sold by British Swim School Businesses on the Internet through the Franchise System Website. You agree that you will not sell any British Swim School products or services to customers on a Website through the Internet or through any alternative channels of distribution, except through sales methods designated by us.

If you wish to advertise online, you must follow our online policy, which is contained in our Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain

names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to 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. (Franchise Agreement – Section 9.E.)

Computer System

Within 15 days of signing your Franchise Agreement, we will require you, at your expense, to purchase or lease, and thereafter maintain, such computer hardware and software, telephone service, wireless broadband internet service, active e-mail account, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we may specify in the Operations Manual to operate the British Swim School Business (the "Computer System").

We currently require you to obtain a Windows OS or Mac OS X compatible computer system, QuickBooks Online accounting system, broadband internet access, VoIP telephone, and a multi-function printer capable of scanning, faxing and printing, meeting the functionality necessary to operate the Integrated Management System software for your Franchised Business. You may already have some or all of the designated equipment as well as internet access at your home or current office. Currently, the Computer System components consist of the following:

- 1 Apple, Windows or Chromebook Computer with a Printer
- 1 Wireless Internet Modem
- All required software platforms, as provided by franchisor during onboarding
- QuickBooks Online Financial Management Software
- One tablet device per opened pool location

You will be responsible for maintaining your computer system hardware and software in good repair and condition, and you must promptly install such additions, changes or modifications as we may direct within 30 days after you receive notice from us. (Franchise Agreement - Section 2.C.) There are no limitations on the frequency and cost of your obligation to update the computer software and/or equipment at our request. We are not contractually obligated to maintain, repair, update or upgrade your computer system. You are also responsible for your connectivity to the Computer System at all times and any and all consequences if the Computer System is not properly operated, maintained and upgraded.

We estimate the cost of purchasing the Computer System to range between $0 and $3,500. You will pay the Technology Fee to us for the cost and maintenance of certain software, including but not limited to the VOIP telephone system, business email(s) and cloud storage facilities fees and the designated POS software license fees. You must use all the software we designate as core to the business, including but not limited to; the software and associated app for our POS system and designated VOIP platform.

You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "**credit card vendors**" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

The Computer System will enable you to collect information about students and their parents, scheduling, prices, sales and payroll. At our request, you are required to sign a release with any vendor of your Computer System providing us with unlimited access to information and data related to your British Swim School business, which may include but is not limited to information about students and their parents, scheduling, prices, sales of products and services, and payroll. We currently have/reserve the right to have

independent, unlimited access to all information and data relating to your British Swim School Business generated by your use of the scheduling and billing software. There are no contractual limitations on our right to access and use this information and data. We also reserve the right to have independent access to other information on your Computer System in the future.

Training

Initial and Ongoing Training

We will train you (and/or your Designated Manager) on operating a British Swim School Business and provide your Aquatics Lead (if you will not be the trainer and manager of the swim instructors) with training on teaching swim lessons, both at our expense through our initial training program as long as these individuals attend the Business Training Program at the same time. You will be responsible for all travel and living expenses, however.

Initial business training is provided through a three-phase approach of self-paced, virtual and in-person instruction. In-person training is conducted on an as-needed basis at our principal business office in Virginia Beach, Virginia or at another location designated by us, and is preceded by self-paced or asynchronous learning (currently about 15 hours) and live, virtual learning (currently about 20 hours over two weeks). We may require you (and your employee) to complete a preliminary test over our System Standards (using materials that we provide to you) and receive the minimum score that we require before you (and such employee) can attend the initial training program. You may invite additional employees to attend the initial training program, if space allows, but we reserve the right to charge you our then-current training fee for each individual attending the initial training program (currently, $850/person). You (and/or your Designated Manager) and your Aquatics Lead, if applicable, must complete the initial training program to our satisfaction before you begin providing swim lessons at your British Swim School Business, which you must begin no later than 120 days after the Effective Date of the Franchise Agreement, unless we agree in writing to a later scheduled opening. We will not provide general business or operations training to your employees or independent contractors. We will provide limited training on the British Swim School System and brand standards to your employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the British Swim School Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the British Swim School Business.

Currently, we provide up to 8 days initial in-person training, in addition to the self-paced and virtual training noted above, which shall include the swim instructor training described below. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We provide instructional materials and resources at the initial training program, including the Operations Manual and other materials which cover information on us, setting up your business, business management, safety and security, child behavior and customer service, human resources, technology and software, marketing, utilizing resources, and product/retail management and other administrative issues.

If we determine that you (or your Designated Manager) or your Aquatics Lead, if applicable, have not completed the initial training program to our satisfaction, we may require such individuals to attend additional training, and we will charge you our then-current training fee. Such additional training will be provided at our principal business office in Virginia Beach, Virginia (or virtually or at a designated training facility location of our choice), though we may agree to provide additional training at your Pool(s). Our training fee is currently $850 for the full aquatics training or $250 per person per day if the full training is not required, in each case, plus our travel and living expenses, if we travel to your Pool(s). Our training fee

may be adjusted in our Operations Manual. If you (or your Designated Manager) or you Aquatics Lead, if applicable, are unable to complete the additional training class to our satisfaction, we may terminate the Franchise Agreement.

You (and/or your Designated Manager) may request additional training at the end of the initial training program if your attendees do not feel sufficiently trained in the operation of a British Swim School Business. We and you will jointly determine the duration of this additional training. We reserve the right to charge you our then current training fee. However, if your attendees satisfactorily complete our initial training program and have not expressly informed us at the end of the program that they do not feel sufficiently trained in the operation of a British Swim School Business, then you and they will be considered to have been trained sufficiently to operate a British Swim School Business.

If you appoint a new Designated Manager or Aquatics Lead, he or she must attend the then-current initial training program within 30 days of the date of appointment and you must pay us our then-current training fee.

All employees must complete and pass any required training before providing services at your British Swim School Business. No swim instructor may teach a swim lesson until he or she has passed our then-current swim instructor training program that we require. You must also ensure that at least one shallow water lifeguard-certified staff member is present at each pool any time there are students in the water. You are responsible for training all of your employees and providing the swim instructor training program, though we may, at your request, train your swim instructors at our then-current training fee (currently, $300 per person per day). If we determine that you (or your Designated Manager) or your Aquatics Lead, if applicable, are not properly trained to provide the services offered by your British Swim School Business, we may require such person to cease providing services at your British Swim School Business and/or to be trained by one of our trainers at our then-current training fee.

We require you (or your Designated Manager) and/or your Aquatics Lead to attend various training courses, meetings, conferences and seminars, which may include an annual meeting of franchise owners and an annual meeting of Aquatics Leads at the times and locations that we designate. However, we will not require physical attendance at such events for more than ten business days per calendar year.

You must pay all travel and living expenses (including wages, transportation, food, lodging and workers' compensation insurance) that you (or your Designated Manager), any territory manager(s), your Aquatics Lead, if applicable, or any employees, including swim instructors, incur during any annual meetings, conferences, seminars and/or training courses and programs.

You understand that any specific ongoing training or advice we provide does not create an obligation for us to continue to provide such specific training or advice, all of which we may discontinue and modify. (Franchise Agreement – Section 4.A.) We plan to provide the training listed in the table below, a portion of which occurs virtually. The hours presented for each subject are estimates and may change.

TRAINING PROGRAM

Subject	Hours of Classroom/Online Training	Hours of On-the-Job Training	Location
Sales / Marketing	9	0	Virginia Beach, Virginia or another location we designate

Subject	Hours of Classroom/Online Training	Hours of On-the-Job Training	Location
Operations	10	0	Virginia Beach, Virginia or another location we designate
Aquatics Program	35	20	Virginia Beach, Virginia or another location we designate
Human Resources	2	0	Virginia Beach, Virginia or another location we designate
Business Management	15	0	Virginia Beach, Virginia or another location we designate
Customer Service	6	0	Virginia Beach, Virginia or another location we designate
TOTALS:	77	20	

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Operations Manual as the primary instruction materials during the initial training program.

2. Each topic above is taught by one or more of the instructors below, whose business experience is as follows:

Susan Berger, Director of New Franchise Onboarding. Susan Berger has served as our Director of New Franchise Onboarding since April 2019, and she served in the same role for our predecessor, BSCF, from November 2015 through April 2019. With us and BSCF, she has helped develop training programs for franchisees. Susan has an MBA focused on franchising operations and over 30 years of franchising experience as a franchisor and a franchise consultant helping companies implement their franchise system and improve their operations.

Jay Canaday, Director of Operations. Jay Canaday has served as Director of Operations since July 2021, and previously served as a Franchise Business Coach from September 2019 to August 2021. He previously spent nine years with Liberty Tax where he helped franchise owners across the country, most notably as a Regional Operations Director.

Steven Waterhouse, Director of Strategic Projects. Steven Waterhouse has served as Director of Strategic Projects since July 2019 and has been with British Swim School in a variety of roles since 2012, to include marketing, technology, operations and franchise development. He has served as the General Manager for several corporate units, including the first unit in Canada. Prior to joining British Swim School, he served in human resource and organizational development roles in a number of international corporations.

James Aspatore, Operations Manager. James Aspatore has served as an Operations Manager since February 2023, and previously served as a Franchise Business Coach from September 2019 through February 2023. Prior to joining British Swim School, he was employed by Norfolk Southern Corporation in a variety of roles, including as a Market Manager, where he managed the transportation contracts of over

70 commodities and was responsible for growing new and existing business, contract negotiations, and coaching and developing new team members.

Cade Davidson, Franchise Business Coach. Cade Davidson has served as a Franchise Business Coach since February 2022. Prior to joining British Swim School, Cade worked as a Manager and Apprentice Distiller at Koenig Distillery, leading the production of spirits and management of the tasting room. Cade was also the Founder/Owner of CD Media Service which provided video and drone solutions to a number of large clients in the Hampton Roads area.

Melissa McGarvey, Director of Aquatics. Melissa McGarvey has served as our Director of Aquatics since April 2019 and in the same role for our predecessor, BSCF, from November 2017 through April 2019. Prior to joining BSCF, she worked for GoodLife Fitness, Canada's largest fitness company, for 13 years. During this time she served as the National Child Care and Pool Operations Manager and earned her Certified Pool Operator certification.

Darlene Coons, Aquatics Training Manager. Darlene Coons has served as our Aquatics Training Manager since July 2021 but has been involved with British Swim School since 2011, previously as an Aquatics director and an owner herself. Prior to joining British Swim School, she worked in environmental engineering and consulting.

Julia Moody, Director of Marketing. Julia Moody has served as our Director of Marketing since July 2022, and previously served as Marketing Manager from June 2021 to July 2022. Ms. Moody previously worked as Account Supervisor at Altus Marketing, and Account Director at Nexus Direct, and she has broad experience in marketing and brand development.

Bridget Rawls, Vice President of Digital Marketing (BFB). Bridget Rawls currently serves as the Vice President of Digital Marketing and previously served as the BFB Director of Digital Marketing from January 2019 to February 2023, and prior to that, as the BFB Digital Marketing Manager from October of 2016 to January 2019, both in Virginia Beach, Virginia. Prior to this, Ms. Rawls served as Digital Project Manager for Nebo Agency located in Atlanta, Georgia from December 2014 to October 2016, and Brand Manager for Cellairis also located in Atlanta, Georgia from May 2012 to November 2014.

Jacob Brown, Digital Marketing Manager (BFB). Jacob Brown has served as a member of the digital marketing team since 2019. Prior to joining Buzz Franchise Brands, he worked as a Search Engine Marketing Analyst for Merkle, and as a Senior Account Executive for BCF, helping to promote and generate leads for businesses in the e-commerce, travel and tourism, and service industries.

Charles ("Chip") Hall, Director of Mailer Programs (BFB). Chip Hall has served as the BFB Director of Mailer Programs since February 2023, and previously served as the Mailer Program Manager from March 2018 to January 2023. Prior to joining us, Mr. Hall enjoyed a twenty-year career as Vice President of Operations and Merchandising for two different mid-size home entertainment distribution companies, one located in Virginia Beach, Virginia and the other in Baltimore, Maryland.

Barbara Sisino, Director of Training and Onboarding (BFB). Barbara Sisino has served as the BFB Director of Training and Onboarding since February 2021, and previously served as the Training Program Manager from August 2019 to February 2021 and as the BFB Training Program Coordinator from August 2017 to August 2019. Prior to this, she was a Franchise Business Coach for Mosquito Joe Franchising, LLC from December 2016 to August 2017. Before joining BFB, Ms. Sisino owned and operated an independent automobile dealership for more than 10 years.

ITEM 12
TERRITORY

Franchise Agreement

When you sign the Franchise Agreement, we will grant you an area for the operation of a British Swim School Business ("**Territory**"). Provided that you are in full compliance with the terms and conditions of your Franchise Agreement and all other agreements with us and our affiliates, we will not operate or grant a franchise for the operation of another British Swim School Business in your Territory, nor allow another British Swim School franchisee to operate at a Pool within your Territory. A Territory will typically consist of an area defined by one or more zip codes with the potential for at least two Pool locations and a population of up to 35,000 children under age 10, as determined by a third-party data provider. Depending on the demographics, population, income levels and other factors, your Territory may be smaller or larger. We will identify your Territory in an attachment to the Franchise Agreement.

You will provide swimming lessons through your British Swim School Business at Pools approved by us. We may approve additional swimming pools in your Territory as Pools if such pools meet our criteria. You may not relocate to another Pool without our prior written consent.

Upon our approval of a Pool in your Territory, provided that you are in full compliance with the terms and conditions of your Franchise Agreement and all other agreements with us and our affiliates, we will not approve any of our other franchisees' new requests to operate in a Pool outside your Territory that is within a certain radius of any of your previously approved Pools ("**Pool Protection Radius**"). The radius will be at our sole discretion; it will be dependent upon the market in which your Territory is located and the capacity of that market to support the franchisees therein. Urban areas are likely to have smaller radii than suburban and rural areas. This Pool Protection Radius does not apply to Pools previously approved by us before you apply for our approval of a new Pool ("**Grandfathered Pools**"). We will advise you whether any Grandfathered Pools are currently within the radius of your Territory, before you execute your Franchise Agreement. Existing or future Pools approved by us for other franchisees that have this Pool Protection Radius, if within the radius of any part of your Territory, could prevent you from obtaining approval of a future Pool for which you request approval, pursuant to our Pool Protection Radius policy.

We have entered into a Facility License Agreement (the "**LA Fitness Agreement**") with Fitness International, LLC ("**LA Fitness**") and a License Agreement (the "**24 Hour Fitness Agreement**") with 24 Hour Fitness USA, LLC ("**24 Hour**"). Each of the LA Fitness Agreement and the 24 Hour Fitness Agreement provides our franchisees the right, under certain conditions, to use certain LA Fitness pools and 24 Hour Fitness pools (each pool a "**Licensed Facility**") that are located within the territories of our franchisees. If you desire to use an LA Fitness pool or 24 Hour Fitness pool that is not currently a Licensed Facility, you must notify us and we may request that the LA Fitness or 24 Hour Fitness pool be added to the respective LA Fitness Agreement or 24 Hour Fitness Agreement. In the LA Fitness Agreement, we agreed that neither we, nor our franchisees, would offer swim lessons at any pool, other than a Licensed Facility, within a three-mile radius of any Licensed Facility subject to the LA Fitness Agreement, unless the franchisee had a relationship with the other pool that preceded the addition of the specific Licensed Facility to the LA Fitness Agreement. If there is a Licensed Facility within a three-mile radius of your Territory, the existence of this LA Fitness Agreement could restrict your ability to use some other pools within part of your Territory. We will disclose to you whether there are any LA Fitness Licensed Facilities within a three-mile radius of any of your contemplated Territory, before you execute your Franchise Agreement.

Except as provided above, we retain all rights with respect to the location of British Swim School Businesses and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include:

(1) the right to establish and operate, and allow others to establish and operate, other British Swim School Businesses and other swim lesson businesses using the Marks and the System, at any location outside the Territory and on such terms and conditions we deem appropriate;

(2) the right to establish and operate, businesses similar to your British Swim School Business anywhere, under other trade names, trademarks, service marks and commercial symbols different from the Marks;

(3) the right to develop or acquire or be acquired by (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) one or more additional concepts or businesses (i) providing products and services similar to those provided at British Swim School Businesses, and/or (ii) creating or maintaining franchises, licenses or arrangements with respect to these businesses, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(4) the right to engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above.

Currently, we do not intend to operate or franchise another business under a different trademark that sells services or products similar to the services or products offered at British Swim School Businesses, but we reserve the right to do so in the future.

We grant you an exclusive Territory in which you will operate a Franchised Business. However, you may face competition from other British Swim School Businesses located outside the Territory or from other channels of distribution or competitive brands that we control, and any student, without regard to whether they are located within or outside of your Territory, may choose to use the services of any British Swim School Business. We do not currently operate any British Swim School Businesses, but we reserve the right to do so in the future. We include all of our British Swim School franchisees on our Franchise System Website and customers may elect to use the British Swim School franchisee that is most convenient to that customer. We will not authorize other British Swim School Businesses to market in your Territory, and you are prohibited from marketing outside your Territory. We cannot control the preferences of any customer and a customer who resides in one territory may elect to obtain swim instruction services from a franchisee in another territory. Although you cannot market outside your Territory as stated above without our prior approval, you are not prohibited from providing services to a customer who does not reside in your Territory. Except for sales methods designated by us, you may not sell any British Swim School product or service through any alternative channel of distribution, including the Internet.

Continuation of the territorial exclusivity described above does not depend on your achieving a certain sales volume, market penetration, or other contingency, and there are no other circumstances that permit us to modify your rights in the Territory during the term of the Franchise Agreement. You do not receive the right to acquire additional British Swim School Businesses within or outside the Territory. You are not given a right of first refusal on the sale of existing British Swim School Businesses.

Area Development Agreement

If you sign an Area Development Agreement, we will agree on a Development Area and a Development Schedule. The Schedule will identify the number of franchises to be developed and the minimum development rate. When you sign the Area Development Agreement, we will determine the boundaries of the exclusive Territories for each of your Franchised Businesses at that time in accordance with our standards then in effect. When you sign the Area Development Agreement, you must also sign at least one Franchise Agreement. The first Franchised Businesses must be operational within 120 days after the Effective Date of your Franchise Agreement. You must select each Pool in the same manner and we will consider each of your selections in the same manner as provided for in accordance with each Franchise Agreement that you execute.

Continuation of your territorial rights does not depend on your achievement of certain sales volume, market penetration or other similar contingency. We may not alter your Development Area without your prior written consent.

If you fail to satisfy the Development Schedule, we may terminate your future development rights within the Development Area. However, termination of your Area Development Agreement will not terminate Franchise Agreements you have already signed.

We do not grant you any options, first rights of refusal or similar rights to acquire any additional development areas or acquire any additional franchises.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of a Franchised Businesses at any location outside the Development Area, regardless of proximity to your Development Area; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of the Development Area that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. You must use the Marks as we require. You may not use any of the Marks as part of your firm or corporate name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any username, screen name or profile in connection with any social networking sites, except in accordance with our guidelines detailed in the Operations Manual or otherwise in writing periodically. You may not use the Marks in any advertising for the transfer, sale or other disposition of your British Swim School or any interest in the franchise. Except in conjunction with the Franchise System Website or with our prior written consent, you may not use the Marks as part of any domain name, homepage, electronic address, or otherwise in connection with a website, and then only under the terms we specify.

Our affiliate, BSS IP, owns the Marks and has federal registrations on the Principal Register of the United States Patent and Trademark Office ("**USPTO**") for the following Marks:

Trademark	Registration Number	Date of Registration	Status
BRITISH SWIM SCHOOL	4,040,952	October 18, 2011	Registered on the Principal Register
BRITISH SWIM SCHOOL	4,042,234	October 18, 2011	Registered on the Principal Register
	4,083,854	January 10, 2012	Registered on the Principal Register
	4,877,235	December 29, 2015	Registered on the Principal Register
	6,226,311	December 22, 2020	Registered on the Principal Register
	7,001,003	March 14, 2023	Registered on the Principal Register
SURVIVAL OF THE LITTLEST	6,446,710	August 10, 2021	Registered on the Principal Register

BSS IP intends to file all necessary affidavits of use and renewal applications when they become due.

We license the rights to use the Marks from BSS IP, and to allow you to use the Marks. BSS IP has granted to us a perpetual, worldwide license to grant franchisees the right to use the Marks in connection with the System. BSS IP may terminate the license agreement if we become insolvent, make an assignment for the benefit of our creditors, cease doing business, sell our assets or experience a change of control. If the license agreement is terminated, we have the right to continue to allow our franchisees to use the Marks.

Except for the license agreement described above, we are not a party to any agreement that significantly limits our right to use or license the Marks in any manner material to the System.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court. All required affidavits have been filed.

We may establish new Marks in the future and you must use and display these marks in accordance with specifications and bear all costs associated with changes to Marks or introduction of new Marks.

There is presently no effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us and our attorneys regarding any infringement, challenge or claim. We may take the action we deem appropriate and control exclusively any litigation, USPTO proceeding or other administrative proceeding from the infringement, challenge or claim or otherwise concerning any Mark. You must sign the documents and take the actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We do not have to reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark or service mark.

You must not contest, or assist any other person in contesting, the validity of our ownership of the Marks. Your use of the Marks and any goodwill established by that use are exclusively for our benefit.

Under the Franchise Agreement, we must indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, only if you have timely notified us of the claim or proceeding and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have any patents or pending patent applications that are material to the franchise. We claim copyrights in the Operations Manual (which contains our proprietary teaching methods), handbooks,

the Franchise System Website, advertising and marketing materials, all or part of the Marks, and other portions of the System and other similar materials used in operating British Swim School Businesses. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your British Swim School Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law) ("**Confidential Information**"). This information includes specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating British Swim School Businesses, training and operations materials, methods, formats, knowledge and specifications regarding suppliers of Operating Assets and other products and supplies; the System Standards, including the proprietary teaching methods used by swim instructors of British Swim School Businesses; marketing and advertising programs and strategies for British Swim School Businesses, any computer software or similar technology that is proprietary to us or the System, strategic plans, expansion goals, targeted demographics, and knowledge of the operating results and financial performance of British Swim School Businesses other than your British Swim School Business.

All ideas, concepts, techniques, or materials concerning a British Swim School Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

We own the current and future lists of your British Swim School Business's customers, including all information on students and their parents such as addresses, telephone numbers, lesson records and other data. At our request, you must send us the customer information we shall request, in the manner and form we designate. You acknowledge and agree that all such customer information comprises part of the Confidential Information, and that we may use such customer in any way we wish and irrespective of any transfer, termination, expiration, repurchase or otherwise.

You may not use our confidential information in an unauthorized manner. You must adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to personnel of your British Swim School Business and all of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement, the current form of which is attached to this Franchise Disclosure Document in Exhibit I-2.

We may regulate the form of agreement that you use and we will be a third party beneficiary of that agreement with independent enforcement rights.

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

If you are an entity, you must identify one of your owners who is a natural person with at least 50% ownership interest and voting power in you and who will have the authority of a chief executive officer ("**Designated Manager**"). You (or your Designated Manager) are responsible for the day to day management, direction and control of your British Swim School Business, subject to the terms and conditions of the Franchise Agreement. You (or your Designated Manager) must supervise the day-to-day operations of your British Swim School Business and continuously exert your (or his or her) best efforts to promote and enhance your British Swim School Business. Your British Swim School Business must always be under the direct, full-time supervision of you (or your Designated Manager).

If you will not be the trainer and manager of the swim instructors, you must hire an aquatics lead ("**Aquatics Lead**") who will be your lead swim instructor. Depending on your role in the business, your Aquatics Lead may be hired with the title of Aquatics Trainer, Aquatics Manager or Aquatics Director, at your discretion. This individual will be fully trained on our aquatics program and responsible for training all new instructors in accordance with our System and Standards. If you wish to act as your own Aquatics Lead, you will be in the water for both the initial training, and for all in-water shifts necessary in order to teach lessons and properly train your instructor team when you first open. You and your Aquatics Lead will be expected to complete all online, virtual, and in-person aquatics training. The in-water training will take place at one of our Certified Training Locations and will be scheduled, in conjunction with you, by the British Swim School brand team. We do not guarantee the location of your aquatics training until your Aquatics Lead has been hired. If you replace a Designated Manager or Aquatics Leader, the new Designated Manager and/or Aquatics Lead must satisfactorily complete our training program.

Any Designated Manager, your Aquatics Lead, if applicable, and, if you are an entity, an officer that does not own equity in the Franchisee entity, must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit I-1. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit I-2.

In the event that your Designated Manager ceases to own at least a 50% ownership interest in you, you must recruit a new Designated Manager within 30 days of the change in ownership and submit the identity of the new Designated Manager to us for our review and approval. If you appoint a new Designated Manager after you begin operating your British Swim School Business, the Designated Manager must complete the initial training program within 30 days after the date of appointment. You must keep us informed at all times of the identity of the Designated Manager.

If you are a corporation, limited liability company, or partnership, your direct and indirect owners must sign an owners agreement personally guaranteeing your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "**Owner's Agreement**" is attached as Attachment D to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services and products that we periodically specify for British Swim School, including Swim School Subscriptions for swim lessons under the terms and conditions that we designate. You must offer and sell only approved products and services from the Pools of your British Swim School Business. Our System Standards may regulate required and/or authorized products and services. We may also periodically recommend maximum or minimum prices for services and products that your British Swim School Business offers. You will use certain products that we designate in connection with providing services to customers. We may periodically change the required and/or authorized products and services, and there are no limits on our right to do so. You must promptly implement such changes. You may not perform any services or offer or sell any products that we have not authorized. You may not sell any products or services wholesale or through alternative channels of distribution (including the Internet). You must discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP
AND
THE AREA DEVELOPMENT RELATIONSHIP

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

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
(a) Length of the franchise term	Section 1C	Section 4	FA: Term of the Franchise Agreement is 10 years. ADA: Date upon which Area Developer has opened and in operation all of the Franchised Businesses set forth in the Development Schedule.
(b) Renewal or extension of the term	Section 13A	None	FA: You may renew for two 5-year renewal terms, if you meet our conditions. ADA: None
(c) Requirements for franchisee to renew or extend	Section 13	None	FA: Prior written notice; full compliance with the Franchise Agreement and System Standards; add or replace Operating Assets as required; substantial compliance with the Franchise Agreement throughout the franchise term; sign then-current Franchise Agreement,

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			which may materially differ from your current Franchise Agreement; continue to retain the right to use the Pool(s) and agree to renew Pool Agreements, or secure rights to use one or more substitute Pools we approve and enter into Pool Agreements with such Pools according to then-applicable System Standards; complete additional training we require of new franchisees, at your expense; and sign (if state law allows) general releases and other ancillary agreements. ADA: None
(d) Termination by franchisee	Section 14A	None	You may terminate the Franchise Agreement if you are in full compliance with the Franchise Agreement and we materially fail to comply with the Franchise Agreement and do not cure within 30 days after you deliver written notice of such material failure, effective an additional 30 days after you deliver written notice of termination.
(e) Termination by franchisor without cause	None	None	We may not terminate the Franchise Agreement or the Area Development Agreement without cause.
(f) Termination by franchisor with cause	Section 14B	Section 6	FA: We may terminate the Franchise Agreement only if you (or your owners or Designated Manager) commit one of several violations. ADA: We may terminate the Area Development Agreement if you default under the Area Development Agreement or any Franchise Agreement. We may not terminate any Franchise Agreement if you have committed a non-curable default of the Area Development Agreement as explained in the ADA portion of (h) below.
(g) "Cause" defined — curable defaults	Section 14B	Section 6	FA: You have 72 hours to cure health, safety or sanitation law violations; 10 days to cure any insurance requirements, violations of other applicable laws, regulations, ordinances or consent decrees, monetary defaults; and 30 days to cure a failure to pay pool fees, failure to

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			comply with the Franchise Agreement or any System Standard not specified in (h) below. You also must cure any deficiency in your Operating Assets of a Pool within the time period we specify. ADA: 30 days to satisfy a final judgment; 30 days to dismiss a suit to foreclose any lien or mortgage against the premises or any equipment of the Franchised Business; 15 days to remedy certain material breaches that are not otherwise curable. We may not terminate the Franchise Agreement if you fail to cure a curable default.
(h) "Cause" defined — non-curable defaults	Section 14B	Section 6	FA: Material misrepresentation in acquiring the franchise or operating your British Swim School Business; failure to timely or satisfactorily complete Operations Training Program; failure to timely open British Swim School Business or teach first swim lesson; allow individuals who have not completed training to teach swim lessons; abandonment or failure to provide lessons for more than 14 consecutive days during without written permission; unauthorized transfers; conviction of or no contest plea to a felony or other crime; dishonest or unethical conduct affecting British Swim School Business's goodwill or reputation; loss of your right to use Pools or breach of Pool Agreement; unauthorized use or disclosure of the Operations Manual or other Confidential Information; failure to pay taxes; insufficiency of funds three times within a 12-month period; understating Gross Sales 3 or more times during the term of the Franchise Agreement or by more than 5% in one instance; 3 defaults within a 12-month period or two of the same defaults within a 12-month period (even if cured); bankruptcy or similar proceeding; termination of any other franchise agreement between you or your affiliates and us; and failure to pay Pool Operator or a third-party supplier within the applicable cure period.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			ADA: Bankruptcy or insolvency, execution against Area Developer's business or property; real or personal property is sold after levy; Area Developer fails to meet the Development Schedule. Failure to meet the Development Schedule is not a default under the Franchise Agreement and we may not terminate the Franchise Agreement on that basis.
(i) Franchisee's obligations on termination/non-renewal	Sections 15A through 15C	Section 8	FA: Paying outstanding amounts including the balance of the Royalty and Marketing Fund Contributions from the date of termination up to the scheduled expiration date of the Franchise Agreement; pay entire amount or pro-rata portion of unused Swim School Subscriptions; complete de-identification, including removal of signs and Marks, cancellation of assumed names relating to your use of any Mark, notifying telephone company and telephone directory publishers of the termination of your right to use any numbers associated with the Marks, assigning the numbers and directory listings to us; ceasing to use Marks; returning Confidential Information; and cease operation and cancel any rights or accounts of any website or online presence related to the British Swim School Business or Marks; comply with post-termination non-competition covenants. ADA: Compliance with post-termination covenant not to compete.
(j) Assignment of contract by franchisor	Section 12A	Section 7	FA: We may change our ownership or form and/or assign the Franchise Agreement and any other agreement without restriction. ADA: No restriction on our right to assign.
(k) "Transfer" by franchisee — defined	Section 12B	Section 7	FA: Includes transfer of Franchise Agreement; your British Swim School Business or any right to receive all or a portion of your British Swim School Business's profits, losses or capital appreciation; substantially all of the assets of your British Swim School; any ownership interest in you; or any ownership interest in any of your owners if such owners are legal entities.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			ADA: Transfer of rights or obligations under the Area Development Agreement of the assets or ownership of Area Developer.
(l) Franchisor approval of transfer by franchisee	Sections 12B and 12C	Section 7	FA: You may not transfer the Franchise Agreement without our prior written approval. ADA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied.
(m) Conditions for franchisor approval of transfer	Section 12C	Section 7	FA: New franchise owner qualifies; you pay us, and third-party vendors all amounts due; new franchise owner (and its owners and affiliates) are not in a Competitive Business; complete training program; owner of Pool facility permits transfer of corresponding Pool Agreement; you or transferee signs our then-current franchise agreement and other documents, provisions of which may differ materially from those contained in the Franchise Agreement; payment of transfer fee; you sign (if state law allows) a general release and a guaranty; we determine that the purchase price and payment terms will not adversely affect the purchaser's operation of the British Swim School; you subordinate amounts due to you; you de-identify; you comply with non-compete obligations; you reimburse us for any transfer costs, including broker fees. "Competitive Business" means (i) any program, facility or enterprise (whether for profit or otherwise) providing swimming or water-survival training; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i); provided that any business which signs a franchise agreement with us is not a "Competitive Business." ADA: Qualified transferee; transferee's completion of training programs; transferee's execution of required agreements and assumption of obligations; execution of release; payment of transfer fee.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 12F	Section 7	FA: We have a 30-day right of first refusal and can match offers. ADA: We have the right to purchase all of the interest being transferred.
(o) Franchisor's option to purchase franchisee's business	Not applicable	None	Not applicable
(p) Death or disability of franchisee	Section 12G	None	FA: Upon death or disability of you (or your Designated Manager), your (or your Designated Manager's) executor or personal representative must transfer the ownership interest within 6 months of date of death or disability. We may appoint an interim manager to operate your British Swim School Business during the transfer. ADA: None.
(q) Non-competition covenants during the term of the franchise	Section 7	Section 8	FA: No ownership interest in or performing services for a Competitive Business located anywhere; no solicitation or interference with our or our franchisees relationships with any British Swim School customers, vendors or clients; no employment of a person employed by us, or any other franchisee of British Swim School; no engagement in any other activity injuring the goodwill of the Marks and the System; and no leasing, renting or otherwise permitting a Competitive Business to use or operate from a facility that you own, operate, lease or rent. ADA: You will not have any interest in any other competing business without our prior written consent.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 15E and 15F	Section 8	FA: You may not have any direct or indirect interest in or be employed by a Competitive Business located or operating within the Territory (and including the premises of the British Swim School Business); within a 15 mile radius of the Territory; and within a

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			15-mile radius of any swimming pool from which a British Swim School Business is operated as of the Franchise Agreement termination/expiration date for 2 years. Additionally, for 2 years you may not solicit or interfere with our or our franchisees relationships with any British Swim School customers, vendors or clients; not employ a person employed by us, or any other franchisee of British Swim School; and not engage in any other activity injuring the goodwill of the Marks and the System. You may not lease, rent, or permit a Competitive Business to use or operate from a pool facility that you own, operate, lease, or rent. Owners may not solicit any customer, employee, or independent contractor of the Franchise or any British Swim School Franchise for 2 years. ADA: No competition for a period of 2 years following a permitted transfer or expiration or termination of the Area Development Agreement within the Development Area or a 15-mile radius of the territories of any other British Swim School franchisees.
(s) Modification of the agreement	Section 17I	Section 13	FA: No modification unless by written agreement of both parties, but Operations Manual and System Standards subject to change. ADA: No modifications except by written agreement signed by both parties.
(t) Integration/merger clause	Section 17L	Section 13	FA: Only the terms of the Franchise Agreement and related documents, along with Operations Manual, are binding (subject to state law). Any representations or promises outside of this Disclosure Document or the Franchise Agreement may not be enforceable. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. ADA: Only the terms of the Area Development Agreement are binding (subject to state law).

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			Any representations or promises made outside the disclosure document and area development agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 17E	None	FA: Mediation in Virginia Beach, VA ADA: None
(v) Choice of forum	Section 17G	Section 16	FA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law). ADA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law).
(w) Choice of law	Section 17F	Section 16	FA: The Commonwealth of Virginia (subject to applicable state law). ADA: The Commonwealth of Virginia (subject to applicable state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit H.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We present a financial performance representation including the past performance of outlets after and during the COVID-19 pandemic. To slow the spread of COVID-19, all British Swim School Franchised Businesses closed in early March 2020. The majority of the Franchised Businesses were able to

reopen and operate after June 1, 2020, with significant month-over-month growth to year-end and throughout 2021, reflecting the essential nature of the services provided and the franchisees' ability to deliver services in a safe and healthy manner.

This Financial Performance Representation consists of the following information about British Swim School:

1. **Important Historical Information.** A short summary of the history of British Swim School.

2. **Key Financial Metrics.** An overview of the franchise system performance consisting of revenue and customer performance by class year, and revenue growth by class year, for both 2022 and earlier years.

3. **Additional Performance Metrics.** A table providing contracted pool metrics for calendar years 2020 - 2022 in a question and answer format.

A. Important Historical Information

British Swim School began franchise operations in 2011 under our predecessor, BSCF, after operating as a non-franchise business in both the United Kingdom and the United States for almost 30 years. By leveraging available commercial pools instead of constructing pools, the business model supports a lower initial investment strategy and offers agility and scalability to enable franchise business owners to rapidly meet demand and changing demographics.

Upon launching franchise operations in 2011, BSCF operated a number of corporate-owned territories in addition to its franchised territories. Over time, BSCF transitioned to a franchise-only business model. As of December 31, 2022, British Swim School had 65 U.S.-based franchise business entities that owned and actively operated 138 unique territories across 23 states.

B. Key Financial Metrics

Table 1. 2022 Gross Revenue and Customer Performance

2022 Performance - Revenue

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
All pre-2016 franchised locations	24	$ 621,656	7 (29%)	$ 457,823	$ 1,668,161	$ 87,069	$ 456,398	36%
Class of 2016	11	$ 333,592	6 (55%)	$ 344,988	$ 836,488	$ 49,758	$ 220,764	51%
Class of 2017	20	$ 688,121	7 (35%)	$ 524,570	$ 2,966,411	$ 114,279	$ 436,843	58%
Class of 2018	18	$ 390,991	7 (39%)	$ 273,408	$ 1,484,702	$ 31,349	$ 301,707	30%
Class of 2019	6	$ 627,016	2 (33%)	$ 423,432	$ 1,763,680	$ 185,129	$ 361,869	73%
Class of 2020	1	$ 1,125,995	1 (100%)	$ 1,125,995	$ 1,125,995	$ 1,125,995	$ 732,664	54%
Class of 2021	7	$ 593,746	2 (29%)	$ 302,965	$ 2,182,476	$ 78,724	$ 273,114	117%
Class of 2022	20	$ 173,580	8 (40%)	$ 121,521	$ 700,123	$ 26,366	-	N/A

2022 Performance - Customers

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2020-2021)
All pre-2016 franchised locations	24	887	6 (25%)	656	2,899	163	757	17%
Class of 2016	11	543	5 (45%)	515	1,203	82	418	30%
Class of 2017	20	927	9 (45%)	908	2,689	276	710	31%
Class of 2018	18	592	8 (44%)	392	1,703	57	524	13%
Class of 2019	6	857	2 (33%)	550	2,105	362	504	70%
Class of 2020	1	1,580	1 (100%)	1,580	1,580	1,580	1,039	52%
Class of 2021	7	712	2 (29%)	586	2,104	150	435	64%
Class of 2022	20	302	7 (35%)	240	837	57	-	N/A

Notes for the above table:
1. "Gross Revenue and Customer Performance" is based on the 107 territories open and generating revenue for at least six months in 2022.
2. A "customer" is one unique individual.

Table 2a. Territory Class Gross Revenue Performance, 2020-2022

	2020			2021			2022		
	Average	Median	# above Avg (%)	Average	Median	# above Avg (%)	Average	Median	# above Avg (%)
Class of Pre 2016	$ 168,298	$ 149,917	10 (42%)	$ 456,398	$ 367,841	9 (38%)	$ 621,656	$ 457,823	7 (29%)
Class of 2016	$ 80,377	$ 78,869	5 (45%)	$ 220,764	$ 210,504	5 (50%)	$ 333,592	$ 344,988	6 (50%)
Class of 2017	$ 141,965	$ 92,856	6 (30%)	$ 436,843	$ 369,984	6 (30%)	$ 688,121	$ 524,570	7 (35%)
Class of 2018	$ 65,921	$ 48,282	5 (31%)	$ 301,707	$ 304,185	8 (53%)	$ 390,991	$ 273,408	7 (38%)
Class of 2019	$ 110,654	$ 25,156	1 (20%)	$ 361,869	$ 107,942	1 (17%)	$ 627,016	$ 423,432	2 (33%)
Class of 2020	$ 116,756	$ 116,756	1 (100%)	$ 732,664	$ 732,664	1 (100%)	$ 1,125,995	$ 1,125,995	1 (100%)
Class of 2021	-	-	-	$ 273,114	$ 118,049	2 (33%)	$ 593,746	$ 302,965	2 (29%)
Class of 2022	-	-	-	-	-	-	$ 173,580	$ 121,521	8 (40%)

Notes for the above table:
1. "Class Gross Revenue Performance" is based on the 107 territories open and generating revenue for at least six months in 2022.
2. The lower revenue for 2020 can be attributed to closures related to the COVID-19 pandemic.

Table 2b. Highest/Lowest-Performing Territory for Gross Revenue by Territory Year, 2020-2022

	2020		2021		2022	
	High	Low	High	Low	High	Low
Class of Pre 2016	$ 634,288	$ 9,651	$ 1,389,200	$ 19,716	$ 1,668,161	$ 87,069
Class of 2016	$ 152,002	$ 9,178	$ 429,849	$ 63,258	$ 836,488	$ 49,758
Class of 2017	$ 685,925	$ 30,685	$ 1,437,382	$ 96,457	$ 2,966,411	$ 114,279
Class of 2018	$ 198,042	$ 15,280	$ 839,757	$ 4,178	$ 1,484,702	$ 31,349
Class of 2019	$ 461,341	$ 6,097	$ 1,616,516	$ 11,233	$ 1,763,680	$ 185,129
Class of 2020	$ 116,756	$ 116,756	$ 732,664	$ 732,664	$ 1,125,995	$ 1,125,995
Class of 2021	-	-	$ 735,466	$ 25,269	$ 2,182,476	$ 78,724
Class of 2022	-	-	-	-	$ 700,123	$ 26,366

Notes for the above table:
1. Low territories for 2021 based on having generated at least $500 of revenue in that year.
2. The 2021 low territory for the class of 2019 was a resale with a new owner operator.

Table 3. Class Gross Revenue Growth

	2020-2021	2021-2022	*2020-2022*
Class of Pre 2016	171%	27%	***269%***
Class of 2016	175%	51%	***315%***
Class of 2017	208%	58%	***385%***
Class of 2018	358%	30%	***493%***
Class of 2019	227%	73%	***467%***
Class of 2020	528%	54%	***864%***
Class of 2021	-	117%	-

Notes for the above table:
1. "Class Gross Revenue Growth" is based on the 107 territories open and generating revenue for at least six months in 2022.
2. Class Gross Revenue Growth figures calculated based on average revenue figures in Table 2(a).

Table 4. January 1, 2022 – December 31, 2022 Income Statement Performance

	Average	Ratios (%)	# Above Average (%)	Median	High	Low
Gross Revenue	**$508,605**	**100%**	**28 (34%)**	**$351,976**	**$ 2,966,411**	**$ 30,456**
Cost of Sales						
Labor	$171,501	34%	28 (34%)	$110,255	$ 1,238,404	$ 11,851
Pool Rental	$ 68,962	14%	28 (34%)	$ 28,294	$ 347,330	$ 4,609
Equipment/Supplies/Merchandise	$ 11,707	2%	26 (31%)	$ 4,570	$ 75,677	$ 1,094
Total Cost of Sales	**$252,169**	**50%**	**27 (33%)**	**$143,119**	**$ 1,661,411**	**$ 17,554**
Gross Profit	**$256,435**		**27 (33%)**	**$208,857**	**$ 1,305,001**	**$ 12,902**
% of Gross Revenue	***50%***		***38 (46%)***	***59%***	***44%***	***42%***
Operating Expenses						
Royalty	$ 50,860	10%	28 (34%)	$ 35,198	$ 296,641	$ 3,046
Marketing Fee	$ 10,172	2%	28 (34%)	$ 7,040	$ 59,328	$ 609
IT	$ 5,196	1%	33 (40%)	$ 4,186	$ 22,816	$ 290
Advertising & Promotion	$ 14,793	3%	30 (36%)	$ 10,345	$ 83,582	$ 2,911
Office Supplies/Expense	$ 5,117	1%	24 (29%)	$ 2,399	$ 8,382	$ 134
Professional Fees	$ 4,571	1%	21 (25%)	$ 1,994	$ 20,980	$ 260
Merchant and Bank Fees	$ 10,948	2%	26 (31%)	$ 7,739	$ 68,823	$ 666
Training	$ 2,296	0%	20 (24%)	$ 545	$ 24,795	$ 80
Travel/Entertainment/Meals	$ 6,117	1%	27 (33%)	$ 2,005	$ 12,333	$ 112
Insurance	$ 6,155	1%	24 (29%)	$ 3,458	$ 33,858	$ 228
Taxes	$ 2,870	1%	19 (23%)	$ 343	$ 14,454	$ 0
Other	$ 11,694	2%	25 (30%)	$ 5,033	$ 70,424	$ 2
Total Operating Expenses	**$130,790**	**26%**	**28 (34%)**	**$ 80,284**	**$ 716,417**	**$ 8,338**
Net Operating Income	**$125,645**		**31 (37%)**	**$128,573**	**$ 588,583**	**$ 4,564**
% of Gross Revenue	***25%***		***40 (48%)***	***37%***	***20%***	***15%***

Notes for the above table:

1. Table above is based on the 83 U.S. territories open and generating revenue for at least nine months in 2022, for which income statement information was provided. We have chosen to use territories that were operating for at least nine months because of the higher-than-usual expenses for the first three months of a territory's operation.
2. There are 21 multi-territory franchisees meeting the operating criteria as defined in Note 1 above whose cost of sales and expense line items are divided proportionally across their respective territories based on the revenue generated in each territory. These 21 multi-territory franchisees did not report financial information for each territory, rather they reported consolidated financial information for their franchise entity as a whole.

3. The figures in each line item category (row) depicted in the Average and Median columns are the actual average and median data points for the 83 U.S. territories that provided 2022 income statement information. No relationship should be inferred from one line category (row) to the next line category (row) in the Average and Median columns. The Average and Median columns should NOT be viewed as being a complete income statement for any single territory.
4. The High and Low columns depict actual income statements entries for the specific territories corresponding to the high ($2,966,411) and low ($30,456) revenue figures.
5. Unless noted below, all Cost of Sales and Operating Expenses were self-reported by franchisees. We have not audited or otherwise independently verified the data.
6. Royalty is calculated at 10% of aggregated Gross Revenue, per franchise agreement.
7. Marketing Fee is calculated at 2% of aggregated Gross Revenue, per franchise agreement.
8. Net Operating Income is calculated before owner's compensation.
9. This table excludes other expenses that you may incur and that are not included in the information presented above. Such expenses may include, but are not limited to, expenses associated with office locations (owned or leased), personal franchise owner expenses (such as health care and retirement expenses), aggregated franchise owner financial expenses (such as interest, amortization, and depreciation), other income and owner's compensation.

C. Additional Performance Metrics

Contracted Pools per Franchise Territory

Metric Tracked	Question/Answer	Notes
Contracted Pools per franchise territory – **2022**	**What is the average number of pools operated per franchise territory?** Franchise business owners add or remove contracted pools from their inventory due to a variety of factors including demand, lane availability and operating hour availability. For calendar year 2022, franchise business owners contracted with an average of 2.0 pools per territory. The median number of pools contracted was 2.0, with a low of 1 and high of 7.	1
Contracted Pools per franchise territory – **2021**	**What is the average number of pools operated per franchise territory?** Franchise business owners add or remove contracted pools from their inventory due to a variety of factors including demand, lane availability and operating hour availability. For calendar year 2021, franchise business owners contracted with an average of 2.1 pools per territory. The median number of pools contracted was 2.0, with a low of 1 and high of 8.	2
Contracted Pools per franchise territory - **2020**	**What is the average number of pools operated per franchise territory?** Franchise business owners add or remove contracted pools from their inventory due to a variety of factors including demand, lane availability and operating hour availability.	3

Metric Tracked	Question/Answer	Notes
	For calendar year 2020, franchise business owners contracted with an average of 2.5 pools per territory. The median number of pools contracted was 2.0, with a low of 1 and high of 11.	

Revenue per Contracted Pool

Metric Tracked	Question/Answer	Notes
Revenue per contracted pool - **2022**	**What is the average revenue per contracted pool?** Performance in a given contracted pool varies due to a variety of factors including number of months in operation, lane availability and operating hour availability. For calendar year 2022, contracted pools generated an average revenue of $212,634, with a median revenue of $122,907. The low revenue for a contracted pool was $208, while the high revenue for a contracted pool was $1,484,702.	1
Revenue per contracted pool - **2021**	**What is the average revenue per contracted pool?** Performance in a given contracted pool varies due to a variety of factors including number of months in operation, lane availability and operating hour availability. For calendar year 2021, contracted pools generated an average revenue of $171,289, with a median revenue of $111,687. The low revenue for a contracted pool was $234, while the high revenue for a contracted pool was $1,002,604.	2
Revenue per contracted pool - **2020**	**What is the average revenue per contracted pool?** Performance in a given contracted pool varies due to a variety of factors including number of months in operation, lane availability and operating hour availability. For calendar year 2020, contracted pools generated an average revenue of $42,999, with a median revenue of $23,191. The low revenue for a contracted pool was $427, while the high revenue for a contracted pool was $407,871.	3

Notes:

1. Contracted Pool data are based on 252 contracted pools where franchisees provided services for more than 30 days in calendar year 2022, as captured in the British Swim School POS system.
2. Contracted Pool data are based on 199 contracted pools where franchisees provided services for more than 30 days in calendar year 2021, as captured in the British Swim School POS system.
3. Contracted Pool data are based on 236 contracted pools where franchisees provided services for more than 30 days in calendar year 2020, as captured in the British Swim School POS system.

Additional Notes

1. The information set forth in this Item 19 summarizes financial performance of the historic operations of our franchisees for calendar years 2020 through December 31, 2022.

2. Some outlets have sold and/or earned these amounts. Your individual results may differ. There is no assurance that you will sell as much or earn as much.

3. Written substantiation for the basis for the information set forth in this Item 19 will be made available to any prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, British Swim School Franchising does not make any financial performance representation. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ashley Gundlach at British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System wide Outlet Summary
For Years 2020 – 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	106	106	0
	2021	106	113	+6
	2022	113	138	+25
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	106	106	0
	2021	106	113	+6
	2022	113	138	+25

Table No. 2

Transfers of Outlets from Franchisees To New Owners (Other Than Franchisor)
For Years 2020 – 2022

State	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	1
Connecticut	2020	0
	2021	0
	2022	1
Florida	2020	0
	2021	1
	2022	0
Illinois	2020	2
	2021	0
	2022	1
New Jersey	2020	0
	2021	4
	2022	1
New York	2020	0
	2021	2
	2022	0
Washington	2020	0
	2021	0
	2022	2
Totals	2020	2
	2021	7
	2022	6

Table No. 3

Status of Franchised Outlets
For Years 2020 – 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Arizona	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
California	2020	6	1	0	0	0	3	4
	2021	4	3	0	0	0	0	7
	2022	7	4	1	0	0	0	10
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	13	2	1	0	0	0	14
	2021	14	1	0	0	0	0	15
	2022	15	4	2	0	0	0	17
Georgia	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Illinois	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	0	11
Indiana	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Maryland	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2022	5	2	0	0	0	0	7
Massachusetts	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Michigan	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Missouri	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
New York	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
New Jersey	2020	16	1	0	0	0	0	17
	2021	17	0	0	0	0	0	17
	2022	17	1	0	0	0	0	18
North Carolina	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	2	0	0	0	0	5
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	1	0	0	0	0	8
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2022	1	1	0	0	0	0	2
Texas	2020	10	0	0	0	0	2	8
	2021	8	0	0	0	0	0	8
	2022	8	1	0	0	0	0	9
Virginia	2020	4	1	0	0	0	0	5
	2021	5	1	2	0	0	0	4
	2022	4	1	0	0	0	0	5
Washington	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Wisconsin	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
U.S. Totals	2020	106	6	1	0	0	5	106
	2021	106	8	2	0	0	0	113
	2022	113	28	3	0	0	0	138

Table No. 4

Status of Company-Owned Outlets
For Years 2020 – 2022

British Swim School has not operated or owned any company-owned outlets during this time period.

Table No. 5

Projected Openings
As of December 31, 2022

State	Franchise Agreements Signed But Franchised Business Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	2	6	0
Colorado	1	3	0
Connecticut	0	1	0
Florida	4	2	0
Georgia	0	2	0
Illinois	1	2	0
Indiana	0	2	0
Kentucky	0	1	0
Maryland	0	2	0
Massachusetts	1	3	0
Michigan	0	3	0
Minnesota	0	1	0
New Hampshire	1	0	0
New Jersey	0	2	0
New York	0	3	0
North Carolina	0	3	0
Ohio	1	2	0
Oregon	0	2	0
Pennsylvania	1	0	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	2	6	0
Utah	0	0	0
Virginia	2	1	0
Total	17	50	0

Each "Outlet" in the charts above represents a market area within which our affiliates or our franchisees operate a British Swim School Business, each of which may contain more than one Pool. As of December 31, 2022, there was one franchised British Swim School Business in Turkey and eight franchised British Swim School Businesses in Canada.

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a British Swim School Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one year period ending December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly

about their experiences with British Swim School. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the British Swim School Franchise System. If you buy a British Swim School Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific Franchise organizations.

ITEM 21
FINANCIAL STATEMENTS

The financial statements listed below are attached to this franchise disclosure document as Exhibit C:

1. Audited financial statements as of December 31, 2022, for the period from January 1, 2020 ending December 31, 2022.

Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Exhibit A	Franchise Agreement and State Amendments
Exhibit B	Area Development Agreement and State Amendments
Exhibit F	Franchise Disclosure Questionnaire
Exhibit H	Franchise Disclosure Document State Addenda
Exhibit I-1	Sample System Protection Agreement
Exhibit I-2	Sample Confidentiality Agreement
Exhibit J-1	Promissory Note
Exhibit J-2	Guaranty Agreement
Exhibit J-3	Security Agreement
Exhibit K	Authorization Agreement for Prearranged Payments
Exhibit L	Telephone Number Assumption Agreement
Exhibit M-1	Transfer and Release Agreement
Exhibit M-2	Escrow Agreement
Exhibit M-3	Commission Agreement
Exhibit N	Site Selection Addendum
Exhibit O	General Release
Exhibit P	Receipt

ITEM 23
RECEIPTS

Exhibit P contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

FRANCHISE AGREEMENT AND STATE AMENDMENTS

BRITISH SWIM SCHOOL FRANCHISING, LLC

FRANCHISE AGREEMENT
(Version #)(Item 23)(FDD)(ADA)

_____
FRANCHISE OWNER

_____
BRITISH SWIM SCHOOL BUSINESS ADDRESS

_____

_____

TERRITORY NUMBER: _____

TABLE OF CONTENTS

Section		Page
1.	PREAMBLES AND GRANT OF FRANCHISE.	4
2.	DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS.	8
3.	FEES.	10
4.	TRAINING AND ASSISTANCE.	15
5.	MARKS.	19
6.	CONFIDENTIAL INFORMATION.	20
7.	EXCLUSIVE RELATIONSHIP DURING TERM.	22
8.	OPERATION OF THE FRANCHISED BUSINESS.	23
9.	MARKETING.	28
10.	RECORDS, REPORTS, AND FINANCIAL STATEMENTS	31
11.	INSPECTIONS AND AUDITS.	31
12.	TRANSFER.	32
13.	EXPIRATION OF THIS AGREEMENT.	37
14.	TERMINATION OF AGREEMENT.	39
15.	OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.	41
16.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.	44
17.	ENFORCEMENT.	45
18.	NOTICES AND PAYMENTS.	50
19.	ELECTRONIC MAIL.	50
20.	COUNTERPARTS.	51
21.	BUSINESS JUDGMENT.	51
22.	GUARANTY.	51
23.	SYSTEM MODIFICATIONS AND DISCRETION.	52

ATTACHMENTS:

ATTACHMENT A TERRITORY
ATTACHMENT B FORM OF OWNERSHIP
ATTACHMENT C SPECIAL STIPULATIONS
ATTACHMENT D OWNERS AGREEMENT
ATTACHMENT F PROGRAM SERVICES AGREEMENT
ATTACHMENT E STATE ADDENDA

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into by and between **BRITISH SWIM SCHOOL FRANCHISING, LLC**, a limited liability company formed under the laws of the State of Delaware, with its principal business address at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 ("**we**," "**us**," or "**our**"), and the Franchise Owner identified on the signature block of this Franchise Agreement ("**Franchisee**," "**you**" or "**your**"), made effective as of the date listed in **Attachment A** (the "**Effective Date**").

1. PREAMBLES AND GRANT OF FRANCHISE.

1.A PREAMBLES.

(1) We and our affiliates have, with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity for the establishment, operation and promotion of a swimming and water-survival instruction program that focuses on survival skills, stroke development, breathing techniques and skill coordination (a "**British Swim School Business**") by offering private and group lessons for individuals of all ages and other services and products we authorize. British Swim School Businesses have a distinctive business format, methods, procedures, designs, standards, and specifications, all of which we may further develop or otherwise modify from time to time.

(2) We and our affiliates use, promote, and license others to use and promote certain trademarks, service marks, and other commercial symbols in operating a British Swim School Business, which have gained and may continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols to identify British Swim School Businesses (collectively, the "**Marks**").

(3) We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a British Swim School Business offering the goods and services we authorize using our business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks we authorize (the "**Franchise System**").

(4) As a franchise owner of a British Swim School Business, you will comply with this Agreement and all System Standards (as defined in Section 4B) in order to maintain the high and consistent quality that is critical to attracting and keeping customers for British Swim School Businesses and preserving the goodwill of the Marks.

(5) You have applied for a franchise to own and operate a British Swim School Business and have provided us with certain information in support of your application.

1.B CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.

If you are a corporation, limited liability company, or general or limited partnership (collectively, an "**Entity**"), you agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;

(3) **Attachment B** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Each of your owners during this Agreement's term will execute an Owners Agreement in the form attached hereto as **Attachment D** undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us revised Attachments B to reflect any permitted changes in the information that **Attachment B** now contains;

(5) You must identify on **Attachment B** one of your owners who is a natural person with at least fifty percent (50%) ownership interest and voting power in you and who will have the authority of a chief executive officer (the "**Designated Manager**"). In the event that your Designated Manager ceases to own at least a fifty percent (50%) ownership interest in you, you must recruit a new Designated Manager within 30 days of the change in ownership and deliver to us a revised **Attachment B** to accurately identify the Designated Manager for our review and approval; and

(6) The Designated Manager is authorized to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of this Agreement, and any decision made by the Designated Manager will be final and binding upon you. We will be entitled to rely solely upon the decision of the Designated Manager in any such dealings without the necessity of any discussions with any other party named in this Agreement, and we will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Designated Manager.

1.C GRANT AND TERM OF FRANCHISE.

Subject to this Agreement's terms, we grant you a franchise to operate a British Swim School Business ("**the Franchised Business**") located within your Territory (defined below) and to use the Franchise System in its operation. The term of this Agreement begins on the Effective Date and expires ten years from that date, unless sooner terminated as provided herein.

You shall at all times faithfully, honestly, and diligently perform your obligations under this Agreement and use your best efforts to promote the Franchised Business. In addition, you may not engage in any promotional or similar activities, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system except as provided in Section 9E.

1.D TERRITORY.

Provided that you are in full compliance with the terms and conditions of this Agreement and all other agreements with us and our affiliates, we and our affiliates will not operate or grant a franchise for the operation of another British Swim School Business, the physical swim lesson location of which is located within your Territory (as defined below), once such Territory has been determined. A "**Territory**" shall be the specific geographical area you and we agree upon, which area will be identified on **Attachment A**. You acknowledge and agree that nothing contained herein restricts us or our affiliates from advertising or soliciting customers within the Territory.

Upon our approval of a Pool in your Territory, provided that you are in full compliance with the terms and conditions of your Franchise Agreement and all other agreements with us and our affiliates, we will not approve any of our other franchisees' new requests to operate in a Pool outside your Territory that is within a certain mile radius of any of your previously approved Pools ("**Pool Protection Radius**"). The radius will be at our sole discretion; it will be dependent upon the market in which your Territory is located and the capacity of that market to support the franchisees therein. Urban areas are likely to have smaller radii than suburban and rural areas. This Pool Protection Radius does not apply to Pools previously approved by us; before you apply for our approval of a new Pool ("**Grandfathered Pools**"). We will advise you whether any Grandfathered Pools are currently within the radius of your Territory, before you execute your Franchise Agreement. Existing or future Pools approved by us for other franchisees that have this Pool Protection Radius, if within the radius of any part of your Territory, could prevent you from obtaining approval of a future Pool for which you request approval, pursuant to our Pool Protection Radius policy.

1.E TERRITORIAL RIGHTS WE RESERVE.

Except as expressly limited by Section 1D above, you acknowledge and agree that we (and our affiliates) retain all rights with respect to the placement of British Swim School Businesses and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include, without limitation:

(1) the right to establish and operate, and allow others to establish and operate, other British Swim School Businesses and other swim lesson businesses using the Marks and the Franchise System, holding swim lessons at any location outside the Territory and on such terms and conditions we deem appropriate;

(2) the right to establish and operate businesses similar to the Franchised Business anywhere under other trade names, trademarks, service marks and commercial symbols different from the Marks;

(3) the right to establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet or retail stores), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under, or sell products containing, the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from British Swim School Businesses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that British Swim School Businesses customarily sell under any terms and conditions we deem appropriate;

(4) the right to develop or acquire or be acquired by (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) one or more additional concepts or businesses (i) providing products and services similar to those provided at British Swim School Businesses, and/or (ii) creating or maintaining franchises, licenses or similar arrangements with respect to these businesses, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Territory); and

(5) the right to engage in all other activities not expressly prohibited by this Agreement.

1.F MODIFICATION OF FRANCHISE SYSTEM.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best,

in our sole opinion, to vary System Standards for any franchise owner based upon the peculiarities of any condition that we consider important to that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchise owners.

2. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS.

2.A BRITISH SWIM SCHOOL BUSINESS POOLS.

You agree not to conduct the business of the Franchised Business at any location other than a swimming pool approved by us (a "**Pool**") and for which you have entered into a Pool Agreement (as defined below). You are responsible for selecting each Pool for the Franchised Business. While we may provide certain assistance, guidance and advice regarding potential swimming pool sites, we are not obligated to do so. You must propose a swimming pool site to us for a Pool and obtain our approval in writing before you enter into any agreements to use a particular swimming pool. We will provide you mandatory and suggested criteria for swimming pools for the Franchised Business. We may inspect a swimming pool that you propose for a Pool before we grant our approval. You acknowledge and agree that our approval of any swimming pool site for a Pool is merely our determination, entirely for our own purposes, that the swimming pool site meets our current criteria for a Pool. Our consent does not constitute a representation or warranty of any kind, express or implied, of the swimming pool's suitability for a Pool, and you confirm that you have not relied and will not rely on our approval for that purpose. You recognize that demographic and/or other factors could change at any time before or during the term of this Agreement, altering the Pool's potential and suitability. Your selection of the Pool is based on your own independent investigation of, or agreement in the future to investigate, the Pool's suitability. With respect to each Pool, we will not assess compliance with federal, state, or local laws and regulations, including the ADA and safety requirements, as compliance with these laws is your responsibility. We will approve additional swimming pools that you propose for the Franchised Business if the proposed swimming pool meets our then-current criteria; provided that we reserve the right to deny approval of an additional swimming pool if we determine that you are not maximizing the use of your existing Pools.

You must not enter into an agreement with a swimming pool owner or operator to use a swimming pool for purposes of the Franchised Business (a "**Pool Agreement**") until we approve such swimming pool as a Pool. The Pool Agreement must include the terms and conditions that we require from time to time. You may not enter into any Pool Agreement until we consent in writing to such Pool Agreement. Neither our approval nor any guidance and assistance that we provide or have provided in connection with your negotiation of the Pool Agreement constitute a guaranty or warranty, express or implied, that the terms of the Pool Agreement represent the most favorable terms available in your Territory. You must enter into a Pool Agreement with respect to the first Pool for the Franchised Business and begin operating the Franchised Business within 45 days of the Scheduled Opening Date.

2.B OPERATING ASSETS.

You agree to use in operating the Franchised Business only those products, signs, inventory, supplies and equipment ("**Operating Assets**") that we approve for British Swim School Businesses as meeting our specifications and standards for customer service, quality, design, appearance, function, and performance. You agree to place or display at the Pool of the Franchised Business the Operating Assets as required by us from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets in accordance with Section 8D of this Agreement.

2.C COMPUTER SYSTEM.

Within 15 days after the Effective Date, you agree to obtain and use the computer hardware and software, including, but not limited to, our proprietary lesson scheduling, booking and payment processing software that we specify from time to time (the "**Computer System**"). Without limiting the foregoing, you must use the computer software we designate to schedule all swim lesson appointments for the Franchised Business and to process all customer payments. We may modify specifications for and components of the Computer System from time to time, and you agree to implement our modifications within 30 days after you receive notice from us, which may include purchasing, leasing and/or licensing new or modified computer hardware and/or software and obtaining service and support for the Computer System. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology. You must also pay for any additional or replacement proprietary software or technology that we, our affiliates or a third-party designee licenses to you and for other maintenance and support services that we, our affiliates or a third-party designee provides during this Agreement's term. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support.

You agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly. You agree that we or our affiliates may condition the license of any additional or replacement proprietary software to you, or your use of additional technology that we or our affiliates develop or maintain, on your signing the form of license agreement or similar document that we or our affiliates prescribe at such time to regulate your use of, and our and your respective rights and responsibilities with respect to, such additional or replacement software or technology. You acknowledge and agree that the Computer System we designate may give us and our affiliates independent, unlimited access to all data and information relating to the Franchised Business generated by the Computer System, including, but not limited to, customer, pricing and payroll information. You agree that all data and information that you collect from customers or others in connection with the Franchised Business is owned by us. You have the right to use such customer data and information to operate the Franchised Business while this Agreement is in effect, but only in accordance with our policies as in effect from time to time. You agree that we own all customer accounts, which you service, including all customer records, files and information. You further agree that we own all email accounts we or our affiliates provide to you for use in connection with your Franchised Business. We have the right to access your email accounts and all messages and contents thereof at any time during or after the term of this Agreement.

You will pay us or our affiliate a technology fee (as set forth in Section 3D) for use of any software or other technology that we (or our affiliates) license or provide to you. Despite the fact that you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) your connectivity to the Computer System at all times; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

2.D SWIM LESSONS.

Only swim instructors who have satisfied the training requirements we specify from time to time, which may include, without limitation, training in our proprietary teaching methods, may teach swim lessons at the Franchised Business. We may modify the required training and teaching techniques to be used by a swim instructor from time to time, and you agree to implement such modifications within the

time period we specify. Our modification of training and techniques for the swim instructors and/or other personnel might require you to incur additional training and labor expenses. You must pay for any additional training provided by us or any third party designated by us. Although we cannot estimate the future costs of training or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of keeping all of your swim instructors and other personnel trained to satisfy any additions or modifications in our training requirements.

2.E OPENING REQUIREMENTS.

Subject to your compliance with the following conditions, you must begin providing swim lessons through the Franchised Business within 45 days of the Scheduled Opening Date of this Agreement.

You agree not to begin teaching swim lessons from any Pool until you have satisfied the following conditions with respect to such Pool, at your own expense:

(1) You activate the Pool as a swim lesson site on the Computer System;

(2) You have obtained all required health, safety, business, and other permits and licenses necessary to operate the Franchised Business at the Pool;

(3) You give us certificates for all required insurance policies with respect to the Pool (as described in Section 8G); and

(4) We notify you in writing that the Pool meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any licensing, environmental, labor, health, fire, sanitation, occupational, fitness facility, insurance, safety, tax, governmental, or other statutes, laws, ordinances, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies).

(5) You provide an executed copy of the lease agreement with the pool owner, which must be approved by us in writing beforehand.

3. FEES.

3.A INITIAL FRANCHISE FEE.

When you sign this Agreement, you will pay us a nonrecurring, nonrefundable initial franchise fee (the "**Initial Franchise Fee**") in the amount set forth in **Attachment A**. Your Territory will have a population of up to 35,000 children between the ages of three (3) months and ten (10). The Initial Franchise Fee is due, and fully earned by us, when you sign this Agreement. The Initial Franchise Fee is in consideration of all of our pre-opening assistance that we provide to allow you to open your Franchised Business and our loss of deferred opportunity to enter into this Agreement with others.

3.B ROYALTY FEE.

You agree to pay us a recurring royalty fee (the "**Royalty**") for each calendar month (or other accounting period that we may designate from time to time). The amount of the Royalty will be equal to ten percent (10%) of your Gross Sales for the previous calendar month (or other accounting period we designate).

You agree to pay the Royalty based on ten percent (10%) of your Gross Sales for the previous month within five days after the end of the calendar month (or other accounting period we designate). For

purposes of this Agreement, "**Gross Sales**" means all revenue and income that you generate from operating the Franchised Business, including, but not limited to, all amounts or other consideration that you receive, directly or indirectly, at or away from the Pool, and in the form of cash, check, credit and debit card, coupon, services in kind, from barter and/or exchange, trade credit or other credit transactions, regardless of whether or not payment is actually received. For example, Gross Sales includes, without limitation, the following:

(1) all monies you receive from customers, including, but not limited to, monies received from Swim School Subscriptions (as defined in Section 8C) or the sale of merchandise, products and services;

(2) the amount of gift card redemptions;

(3) the proceeds of any business loss or interruption insurance or similar insurance; and

(4) any other revenue you derive.

Gross Sales does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority or any customer refunds.

We reserve the right to receive the Royalty payments in any method we designate, including EFT. All Royalty payments to us are fully earned when paid and are nonrefundable under any circumstances. The Royalty payments are ongoing payments that allow you to use the Marks and other intellectual property of the Franchise System and that pay for our ongoing support and assistance.

3.C MAILER PROGRAM FEES.

We or our affiliate, BSS Services, LLC ("**BSS Services**"), or another affiliate of ours are the only approved supplier of the direct mail program ("**Mailer Program**") in which you must participate. You must purchase all Mailer Program services from us or our affiliate. You will be required to sign an annual agreement with us or our designated affiliate with respect to the Mailer Program (the "**Mailer Program Services Agreement**").

You must also pay us or our affiliate a fee to setup the Mailer Program (the "**Setup Fee**"). Currently, the Setup Fee is $1,000. The Setup Fee must be paid 30 days prior to the scheduled opening date ("**Scheduled Opening Date**") as stated in Schedule A to the Franchise Agreement. If you purchase a developed territory and you are not otherwise a British Swim School franchisee, you must pay the Setup Fee at the time you purchase the developed territory. Each additional territory opened after the first territory will also be charged a one-time Setup Fee of $1,000.

You must also pay us or our affiliate a fee to obtain the mailing list each year (the "**Mailing List Fee**"). Currently, the Mailing List Fee is $0.05 per Targeted Household (as defined below) on the mailing list. The mailing list is purchased on an annual basis by us or our affiliate and is our, or our affiliate's, property. Neither we nor our affiliate is required to provide you with names and addresses or other information contained on the mailing list.

Through the Mailer Program, you are required to send 30,000 mailers to households associated with the children between the ages of three (3) months and ten (10) years of age located in your Territory ("**Targeted Households**") for your Franchised Business each year. We will determine the number of Targeted Households and the schedule, distribution and frequency of the mailers to Targeted Households in your Territory each year. You must pay a per postcard fee for each Targeted Household (the "**Postcard Fee**"). Currently, the Postcard Fee is $0.43 per postcard.

Your Territory will contain a number of children between the ages of three (3) months and ten (10) years of age. The number of children and Targeted Households is estimated because we rely on third party sources to supply us with this data. While we believe this data to be accurate within an acceptable margin of error, there is no way to guarantee or know the actual number of children or Targeted Households in your Territory. **Attachment A** to the Franchise Agreement will set forth the number of children based on information we obtain from our third-party source for this data. The actual number of children may be more or less than the number of children set forth on **Attachment A**.

The Setup Fee, the Mailing List Fee and the Postcard Fee and are collectively referred to as the "**Mailer Program Fees**." The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first year in which your Franchised Business is opened, one hundred percent (100%) of the Mailer Program Fees must be paid thirty (30) days prior to the Scheduled Opening Date as stated in **Attachment A** of the Franchise Agreement. The payment schedule for each year thereafter will require a payment each month in advance of the mailing. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable.

We believe the Mailer Program Fees for the Mailer Program are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provided comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include a mark-up which exceeds the direct costs of the Mailer Program, and we or our affiliate may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

If you fail to pay any Mailer Program Fees when due, we may, in addition to other remedies that we may have, suspend all Mailer Program services we are required to provide you under this Agreement or the Program Services Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

3.D DIGITAL ADVERTISING PROGRAM FEES.

We or our affiliate, BSS Services, or our designated supplier are the only approved providers of the digital advertising program ("**Digital Advertising Program**") in which you must participate.

Through the Digital Advertising Program, you are required to pay to us or BSS Services, or another affiliate of ours, or another approved supplier, each year the sum of $3,600 (the "**Search Engine Optimization Fee**") for search engine optimization services ("**SEO**"). For the first year that the Franchised Business is

opened, one hundred percent (100%) of the Search Engine Optimization Fee ("**SEO Fee**") must be paid at the time your website goes live. The payment schedule for the SEO Fee in subsequent years will require you to pay $300 per month, payable in advance 1 month prior to the month of service. SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the SEO Fee will be $3,600 regardless of the number of territories open. You may only have 1 website.

In addition to the required purchase of SEO, you are required to pay to us or BSS Services, or another affiliate of ours, or another approved supplier, each year the sum of $11,000 (the "**Digital Marketing Fee**") for digital marketing services. Digital marketing services include online placement services such as pay-per-click advertising, Facebook advertising administration, remarketing, and other digital advertising services. For the first year that the Franchised Business is opened, one hundred percent (100%) of the Digital Marketing Fee must be paid at the time your website goes live. The payment schedule for the Digital Marketing Fee in subsequent years will require you to pay $916.66 per month (or more if you desire), payable at the close of each month of service. Digital marketing services is a per territory requirement. For a multi-territory franchisee, the aggregate Digital Marketing Fee will be $11,000 times the number of open territories annually.

The SEO Fee and Digital Marketing Fee (collectively, the "**Digital Advertising Fees**") incorporate a program management charge which may include a mark-up which exceeds the direct costs of SEO and digital marketing services, and we or our affiliate or our approved supplier may derive a profit from these fees.

If you fail to pay any Digital Advertising Fees when due, we may, in addition to other remedies that we may have, suspend all Digital Advertising Program services we are required to provide you under this Agreement or the Program Services Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

3.E REQUIRED MARKETING.

For each Franchised Business, you are required to purchase and participate in the centrally managed Mailer Program and Digital Advertising Program each year. You must also spend a minimum of $5,000 on local marketing activities ("Local Advertising Expenditure"). Upon reaching or exceeding $1,000,000 in Gross Sales in a given calendar year, you must spend annually an amount on marketing (the "**Required Advertising Expenditure**") in the succeeding year, as described in the chart below. The Required Advertising Expenditure includes the required British Swim School centrally managed Mailer Program and Digital Advertising Program, as well as your own Local Advertising Expenditure.

Prior Year Total Revenue (PYNR)	Required Advertising Expenditure ($)
$1,000,000 to $1,249,999	PYNR x 5%

$1,250,000 to $1,499,999	PYNR x 4%
$1,500,000 and above	$50,000

Note 1: Required Advertising Expenditure is for the subsequent calendar year based on the Gross Sales of the previous calendar year.

3.F MARKETING FUND FEES.

You agree to pay us the Marketing Fund Fees (as defined in Section 9B), which are due and payable in the same manner as the Royalty.

3.G TECHNOLOGY FEE.

You agree to pay us or our affiliate a monthly technology fee, as determined by us from time to time, and beginning within one month after you sign this Franchise Agreement. The amount of the technology fee may vary based on the number of students in the database at the Franchised Business. The technology fee is due and payable in the same manner as the Royalty.

3.H MYSTERY SHOPPER FEE.

We may use third-party mystery shoppers, who will pose as normal customers, evaluate the services received at your British Swim School Business and perform specific tasks, including attending lessons, asking questions or seeking customer service. We do not currently charge franchise owners for this service but may do so in the future.

3.I APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

3.J METHOD OF PAYMENT.

You hereby authorize us to debit the business checking account you designate automatically for the Royalty, Technology Fee, Marketing Fund Fee, Mailer Program Fee, Digital Advertising Fees and other amounts due under this Agreement (the "**EFT Authorization**"). Such EFT Authorization will remain in full force and effect during the term of this Agreement. You agree to execute any documents we require for the EFT Authorization. We have the right to periodically specify (in the Operations Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check. If you make any payment to us by credit card for any fee or required payment, we may charge a service charge of up to 4% of the total charge. You shall not subordinate to any other obligation your obligation to pay the Royalty or any other fee or charge due to us or our affiliate under this Franchise Agreement.

We require you to remit fees and other amounts due to us under this Franchise Agreement via EFT or other similar means utilizing an approved computer system or otherwise. You agree to comply with our procedures and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment by such method.

We may receive information regarding your Gross Sales through the Computer System. If we ever cease to have access to this information, and you fail to report your Gross Sales when due, we may debit your designated account for an estimated Royalty and Marketing Fund Contribution on the date it is due. We will debit your designated account one hundred ten percent (110%) of the average of the last three Royalty payments and Marketing Fees that we debited. If the amounts that we debit from your designated account are less than the amounts you actually owe us (once we have determined your true and correct Gross Sales), we will debit your designated account for the balance on the day we specify. If the amounts that we debit from your designated account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your designated account on the next payment due date.

3.K LATE PAYMENTS/INSUFFICIENT FUNDS.

Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, a late fee of $100 per occurrence plus interest on such amounts from the date such amount were due until paid at the lesser of the daily equivalent of 18% per year simple interest or the highest amount allowed under law. Such interest will be in addition to any other remedies we may have under law or equity. We may debit your bank account automatically or deduct from amounts we owe you for service charges and interest. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the British Swim School Franchise.

If any check or electronic fund transfer payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall also pay, upon demand, a non-sufficient funds fee of $100 per incidence, or, if less, the highest amount permitted by the state in which your Franchised Business is located.

4. TRAINING AND ASSISTANCE.

4.A INITIAL AND ONGOING TRAINING.

We will train you (or your Designated Manager) (as defined in Section 8F) in the material aspects of operating a British Swim School Business and provide your Aquatics Lead (as defined in Section 8F) with training described in Section 2D hereof at our expense (the "**Initial Training Program**"). You (or your Designated Manager), and your Aquatics Lead may not attend the Initial Training Program until you (or your Designated Manager), and your Aquatics Lead complete a preliminary test over our System Standards (using materials that we provide to you) and receive the minimum score that we require. We will provide the in-person portion of the Initial Training Program in Virginia Beach, Virginia (and/or another designated training facility location of our choice). The in-person portion of the Initial Training Program will last up to ten days; provided that we reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program. You may not begin teaching swim lessons until you (or your Designated Manager, if you are an Entity), and your Aquatics Lead complete our Initial Training Program to our satisfaction. If we determine that you (or your Designated Manager), and your Aquatics Lead cannot complete the Initial Training Program to our satisfaction, we may terminate this Agreement. We provide the Initial Training Program for no tuition fee for you (or the Designated Manager), and your Aquatics Lead, provided that these individuals attend the Initial Training Program at the same time. You may invite additional employees to attend the Initial Training Program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual attending the Initial Training Program. We reserve the right to limit the number of attendees for the Initial Training Program. You must pay all travel and living expenses for all attendees.

In the event that you (or your Designated Manager), or your Aquatics Lead fail to complete the Initial Training Program to our satisfaction, we reserve the right to require such individual to attend additional training and we will charge you our then-current training fee for such additional training. Such additional training will be provided at our offices in Virginia Beach, Virginia (or another designated training facility of our choice or virtually). We may, but are not obligated to, provide you additional training at your Pool(s) and charge you our then-current off-site training fee. If you (or your Designated Manager, or your Aquatics Lead are unable to complete the additional training to our satisfaction, we reserve the right, in our sole discretion, to terminate this Agreement.

You or your designated Aquatics Lead (as may be required, pursuant to Section 8F) are responsible for providing the swim instructor training described in Section 2D to all of your swim instructors and for training all of your employees other than the attendees of the Initial Training Program that we provide. At your request, we may, from time to time in our discretion, train your swim instructors for an additional fee. We may, but are not obligated to, provide you or your swim instructors training at any of your Pools. If the additional training is conducted at your Pool(s), you will also be required to pay our representative's travel and living expenses. All employees must satisfactorily pass a training program prior to providing services at the Franchised Business. If we determine, in our sole discretion, that you (or your Designated Manager), or your Aquatics Lead are not properly trained to provide the services offered by the Franchised Business, we may require such person to cease providing services at the Franchised Business and/or to be trained by one of our trainers at our then-current training fee. If you appoint a new Designated Manager (subject to Sections 1B and 12), or Aquatics Lead they must attend the then-current Initial Training Program within 30 days of the appointment date and you shall pay our then-current training fee.

You (or your Designated Manager) may request additional training in the operation of a British Swim School Business. We and you will jointly determine the duration of this additional training, and we reserve the right to charge you our then-current training fee or virtual training fee, as applicable, for such additional training. However, if your attendees satisfactorily complete our Initial Training Program and have not expressly informed us at the end of the program that they do not feel sufficiently trained in the operation of a British Swim School Business, then you and they will be deemed to have been trained sufficiently to operate a British Swim School Business.

We may require you (or your Designated Manager), and/or your Aquatics Lead to attend all training courses, meetings, conferences and seminars, which may include an annual meeting of franchise owners and an annual meeting of Aquatics Leads or managers, at the times and locations that we designate; provided that we will not require physical attendance at such events for more than a total of ten business days per calendar year. You agree to pay all travel and living expenses (including, without limitation, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Designated Manager), your Aquatics Lead or any employees (including swim instructors) incur during their attendance at any conferences, seminars, annual meetings and/or training courses and programs. We may preclude you from attending any course or conference if you are in default of this Agreement at the time of the course or conference, or if you have had two notices of default within 12 months prior to the course or conference. Notwithstanding the foregoing, you acknowledge and agree that we may require the individuals described above to participate in additional meetings or training through the Internet or other electronic means. You understand and agree that any specific ongoing training or guidance we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or guidance, all of which we may discontinue and modify from time to time. We will not provide general business or operations training to your employees or independent contractors. We will provide limited training on the British Swim School System and brand standards to your employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the British Swim School Business. You will be responsible for hiring, training, directing,

scheduling, and supervising your employees and independent contractors in the day-to-day operations of the British Swim School Business.

4.B GUIDANCE AND SYSTEM STANDARDS.

We may advise you from time to time regarding the Franchised Business's operation based on your reports or our inspections. We will provide mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically prescribe for operating a British Swim School Business and information on your other obligations under this Agreement, which may include, but are not limited to: (1) standards, specifications, and operating procedures and methods that British Swim School Businesses use, including, but not limited to, scheduling and managing swim lessons; (2) customer service standards and policies; (3) qualifications and tests for swim instructors and other employees, including criminal background checks (although you will have sole responsibility and authority concerning employee selection and promotion); (4) amounts and types of swim lessons to be offered, including lesson class sizes; (5) days and hours of operation; (6) supplies, equipment and inventory management; (7) use and display of the Marks at the Franchised Business and on Operating Assets and other materials; (8) the offer, sale and management of Swim School Subscriptions (defined in Section 8C), including the terms and conditions upon which a customer may utilize, modify or cancel Swim School Subscriptions; (9) sales, marketing, advertising, and promotional strategies and programs and materials/media used in these programs; (10) recommended liability waiver forms for customers; (11) use and acceptance of gift cards, loyalty programs, coupons, passes, certificates and discounts; (12) policies regarding credit and debit cards, credit card vendors (including, among other things, companies that provide services for electronic payment such as near field communication vendors like "Apple Pay" and "Google Wallet"), electronic payment, other payment systems, and check verification services, including compliance with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC or any successor organization or standards that we may reasonably specify; (13) required and recommended associations and membership, including membership in the United States Swim School Association; (14) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils; and (15) administrative, accounting, reporting and record retention. Such guidance and System Standards will be furnished in the form of our Operations Manual for the operation of British Swim School Businesses (collectively, the "**Operations Manual**"), which may include access to an Internet site containing information, as well as audiotapes, videotapes, compact discs, computer software, newsletters, bulletins and other written or electronic materials. We may also provide guidance via telephonic conversations and/or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-applicable fee, including our personnel's per diem charges and travel and living expenses. We reserve the right to periodically visit the Pool(s) and evaluate the Franchised Business.

4.C OPERATIONS MANUAL.

We will provide you access to some or all of the Operations Manual on a restricted Website or extranet to which you will have access. (For purposes of this Agreement, "**Website**" means an interactive electronic document contained in a network of computers linked by the Internet.) We may modify the Operations Manual periodically to reflect changes in System Standards. You acknowledge that your compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation through the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Franchised Business.

You agree to monitor and access the Website or extranet for any updates to the Operations Manual or System Standards. If there is a dispute over its contents, our version of the Operations Manual shall control. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than swim instructors or employees of the Franchised Business who need to know its contents. You may not at any time print, distribute or otherwise communicate any part of the Operations Manual except as authorized by this Agreement. Any passwords or other digital identifications necessary to access the Operations Manual on a Website or extranet will be deemed to be part of Confidential Information (as defined in Section 6 below).

4.D DELEGATION OF PERFORMANCE.

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

4.E STAFFING.

You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of the Franchised Business. You alone are responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. We will not have the power to hire or fire your employees. All employees hired by or working for you will be your employees alone and will not, for any purpose, be deemed our employees or subject to our control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You agree to inform each of your employees that you alone are the employer, and we are not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You expressly agree, and will never contend otherwise, that our authority under this Franchise Agreement to certify certain of your employees for qualification to perform certain functions for the British Swim School Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

5. MARKS.

5.A OWNERSHIP AND GOODWILL OF MARKS.

We are granting you a limited license to use the Marks in connection with the franchising of British Swim School Businesses. Your right to use the Marks is derived only from this Agreement and limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than

the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

5.B LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks to identify the Franchised Business and to identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website; (5) in any user name, screen name or profile in connection with any social networking sites, such as, but not limited to, LinkedIn, Instagram, Twitter, Facebook, or YouTube, except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time; and (6) in any other manner that we have not expressly authorized in writing. Except in conjunction with the Franchise System Website (as defined in Section 9E) or with our prior written consent, you may not use any Mark as part of any domain name, homepage, electronic address, or otherwise in connection with a Website and then only on the terms we specify.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies, employee uniforms and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

5.C NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office ("**USPTO**") proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

5.D DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business's Operating Assets or other products, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason,

business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

5.E INDEMNIFICATION FOR USE OF MARKS.

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, comply with our directions in responding to, the proceeding and have used the Mark in compliance with the Franchise Agreement. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

5.F NON-DISPARAGEMENT.

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, current and former franchisees of us or our affiliates, the British Swim brand, the Franchise System, any British Swim School Business, any business using the Marks, any other brand or service-marked or trademarked concept of us or our affiliates, or which would subject the British Swim brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the British Swim brand or such other brands.

5.G OWNERS BOUND.

Unless otherwise specified, each and every one of your obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities, set forth in this Section 5, shall also apply to each of your owners.

6. CONFIDENTIAL INFORMATION.

We and our affiliates possess (and may continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating British Swim School Businesses, whether or not marked confidential, including (without limitation):

(1) training and operations materials and manuals, including the Operations Manual;

(2) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating British Swim School Businesses, including the proprietary teaching techniques used by swim instructors of British Swim School Businesses;

(3) market research and promotional, marketing and advertising strategies and programs for British Swim School Businesses;

(4) strategic plans, including expansion strategies and targeted demographics;

(5) knowledge of, specifications for, suppliers of, and methods of ordering Operating Assets and other products and supplies;

(6) any computer software or similar technology which is proprietary to us, our affiliates, or the Franchise System, including, without limitation, the Computer System, digital

passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of British Swim School Businesses other than the Franchised Business;

(8) information generated by, or used or developed in, the Franchised Business's operation, including customer information, buying habits, preferences, demographic information and related information and any other information contained from time to time in the Computer System or otherwise in the Franchise System; and

(9) any other information designated as confidential or proprietary by us.

All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material (i) shall be deemed proprietary, (ii) shall be held by you in strict confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) shall not be used in connection with any other business or capacity.

Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating the Franchised Business during this Agreement's term. You agree to protect the Confidential Information from unauthorized use, access or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. Any Designated Manager, Aquatics Lead and, if you are an entity, an officer that does not own equity in the Franchisee entity, must sign the confidentiality and non-competition System Protection Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit I. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit I

You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the Franchise System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall

execute, verify, and deliver such documents (including, without limitation, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 6, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 6 with the same legal force and effect as if executed by you. The obligations of this Section 6 shall survive any expiration or termination of the Agreement.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time that we disclosed it to you, already had lawfully become generally known through publication or communication by others (without violating an obligation to us or our affiliates); or which, after we disclose it to you, lawfully becomes generally known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

From and after the Effective Date, we own the current and future lists of the Franchised Business's customers, including all information on students and their parents such as addresses, e-mail addresses, telephone numbers, lesson records and other data. At our request from time to time, you must send us the customer information we shall request, in the manner and form we designate. You acknowledge and agree that all such customer information comprises part of the Confidential Information, and that we may use such customer information in any way we wish and irrespective of, any transfer, termination, expiration, repurchase or otherwise.

7. EXCLUSIVE RELATIONSHIP DURING TERM.

7.A COVENANTS AGAINST COMPETITION.

You acknowledge that we have granted you a franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, any of your owners, nor any of your or your owners' immediate family members will:

(a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; or

(c) lease, rent or otherwise permit a Competitive Business to use or operate from a facility that you own, operate, rent or lease.

The term "Competitive Business" means (i) any program, facility or enterprise (whether for profit or otherwise) providing swimming or water survival training (excluding any British Swim School

Businesses operated under a franchise agreement with us) or (ii) any business granting franchises or licenses to others to operate the type of business specified in part (i).

7.B NON-SOLICITATION AND NON-INTERFERENCE.

You further agree that, during the term of this Agreement, neither you, any of your owners, nor any of your or your owners' immediate family members will:

(1) solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any British Swim School Business customers, vendors, or consultants; or

(2) engage in any other activity that might injure the goodwill of the Marks and/or the Franchise System.

8. OPERATION OF THE FRANCHISED BUSINESS.

8.A CONDITION AND APPEARANCE OF POOLS.

You agree that:

(1) you will maintain a clean and organized appearance at each Pool from where you operate the Franchised Business, including your Operating Assets, in accordance with System Standards and consistent with the image of a British Swim School Business as an efficiently operated business offering high quality products and services and observing the highest standards of professionalism, cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and, in that connection, will repair or replace damaged, worn out or obsolete Operating Assets;

(2) you will place or display at the Pool those products, signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of any of your Pools or the Franchised Business's equipment, supplies, products or signs does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency. If you do not cure the deficiency, or cause the owner or operator of the Pool to initiate action to correct such deficiency, within the time period we specify, we may terminate this Agreement; and

(4) at our request, you will periodically improve and modify the Franchised Business to conform to the then-current System Standards.

8.B SPECIFICATIONS, STANDARDS AND PROCEDURES.

You agree that: (1) the Franchised Business will provide the swim lessons and offer the products and services that we specify from time to time; (2) the Franchised Business will offer and sell approved products and services only in the manner we have prescribed and, except for sales methods designated by us, will not sell any products or services wholesale or through alternative channels of distribution (including, but not limited to, the Internet or retail stores); (3) you will not offer for sale or sell at the Franchised Business any products or services we have not approved; (4) you will discontinue selling and offering for sale at the Franchised Business any products or services that we at any time decide (in our sole discretion) to disapprove in writing; and (5) you will use certain equipment, supplies and products that we designate in connection with providing swim lessons to customers at the Franchised Business.

8.C SWIM SCHOOL SUBSCRIPTIONS

You will offer and sell customer subscriptions for swim and water-survival lessons that may be utilized at a designated time and Pool (a "**Swim School Subscription**"). We may prescribe the types and terms of Swim School Subscriptions to be offered by British Swim School Businesses and you agree to offer and sell such Swim School Subscriptions. You will only offer for sale Swim School Subscriptions in strict compliance with System Standards and our standards, policies and procedures. We may establish, from time to time, additional policies regarding Swim School Subscriptions. You acknowledge that such regulations may be necessary to ensure the efficient operation of British Swim School Businesses and to protect the goodwill and brand image of British Swim School Businesses, and you agree to comply with our policies, which may include, without limitation, requirements regarding payment terms and refunds for Swim School Subscriptions.

8.D APPROVED PRODUCTS, DISTRIBUTORS, AND SUPPLIERS.

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, other products, materials, supplies and services for the Franchised Business. We reserve the right from time to time to approve specifications or manufacturers, suppliers and distributors of the above items that meet our reasonable standards and requirements. You agree to purchase only such items meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may concentrate purchases with one or more manufacturers, distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of British Swim School Businesses franchised or operated by us or our affiliates. We may also designate a single manufacturer, distributor or supplier (collectively, "**supplier**") for any product, service, Operating Asset, or other material and may approve a supplier only as to certain products. If we or any of our affiliates designate such goods and services are to be purchased through approved and/or designated third-party suppliers, then you shall purchase such goods and services from such suppliers pursuant to the terms and in the manner approved by us and or our affiliates. The designated supplier may be us or an affiliate of ours. As of the date of this Agreement, we and/or our affiliates (currently BSS Services) or a designated supplier are the only approved suppliers for the Mailer Program and the Digital Advertising Program. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments made to us by suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction.

If you would like to purchase or use any products, services, supplies or materials that we have not approved or from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier prior to purchasing any such products, services, supplies or materials. Approval of a supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency and speed of delivery, past experience with our affiliates, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time. We reserve the right to charge you our then-current new product/supplier application fee and require you to reimburse us for our expenses (not to exceed the reasonable cost of the research and inspection and the actual cost of the test) to make the evaluation. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to a third party we designate for testing. We shall notify you in writing of the approval or rejection of the proposed supplier within a reasonable time after completion of the investigation

of the proposed supplier. If we fail to respond within 60 days, your request will be deemed denied. We may, in our sole discretion, elect to withhold approval of the supplier. You acknowledge that we are likely to reject your request for a new supplier without conducting any investigation if the proposed new supplier is for items bearing our proprietary Marks or if we already have designated an exclusive supplier for the items proposed to be offered by the new supplier. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We also reserve the right to charge suppliers a royalty for the right to manufacture products for use in British Swim School Businesses.

8.E COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must at all times operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations (including, without limitation, anti-discrimination laws), Executive Orders or otherwise relating to anti-terrorist activities (including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchised Business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 16D pertain to your obligations hereunder.

The Franchised Business must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other British Swim School Businesses. You must notify us in writing within five days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

8.F MANAGEMENT OF THE FRANCHISED BUSINESS.

You (or your Designated Manager, if you are an Entity) are responsible for the day-to-day management, direction and control of the Franchised Business, subject to the terms and conditions of this Agreement. You (or your Designated Manager) must supervise the day-to-day operations of the Franchised Business and continuously exert your (or the Designated Manager's) best efforts to promote and enhance the Franchised Business. The Franchised Business must always be under the direct, full-time supervision

of you (or the Designated Manager). You are not required to directly manage and train the swim instructors; however, you must at all times have a designated swim instructor manager (if someone other than you) who must have satisfactorily completed our initial training program. If you will not be the trainer and manager of the swim instructors, you must hire an Aquatics Lead ("**Aquatics Lead**") who will be your lead swim instructor. You must designate a marketing manager for the Franchised Business.

8.G INSURANCE.

During the term of this Agreement, you must maintain in force at your sole expense comprehensive public liability, general liability, personal injury liability, product liability, workmen's compensation, commercial liability umbrella and other types of insurance we require. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated vendor. The liability insurance must cover claims for bodily and personal injury, drowning, death, and property damage caused by or occurring in connection with the Franchised Business's operation or activities of your personnel in the course of their employment (within and outside the Franchised Business and each Pool). All of these policies must contain the minimum coverage we prescribe from time to time, apply to each Pool where you operate the Franchised Business and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate). Each insurance policy (except for employment liability insurance policies) must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including without limitation termination, we may (but need not) obtain such insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a fee of twenty percent (20%) of the premium for our time incurred in obtaining such insurance.

8.H PRICING.

We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge.

8.I COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and all British Swim School Businesses. Therefore, you agree at all times to operate and maintain the Franchised Business according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or your best interests. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you (or your Designated Manager) retain the right to and responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business.

As examples, and without limitation, System Standards may regulate any one or more of the items described in Sections 4B and 8A above, as well as any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and British Swim School Businesses. You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a Franchise System extranet or Website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

8.J VARIATION AND MODIFICATION OF SYSTEM STANDARDS.

We may permit variations in the System Standards as we deem advisable, including without limitation, variations to accommodate local or regional differences. We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve buying new Operating Assets, adding new products and services, updating your Computer System and adding personnel or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

8.K OFFICE LOCATION.

If not prohibited by local zoning laws, you may begin operating your office for your business from your home. You may elect to operate your business from a commercial office location that we approve prior to lease or purchase (the "**Approved Location**"). We require the landlord to provide us with a lease option rider, as specified in the Site Selection Addendum. If you sign a lease or purchase agreement before we approve the commercial office location, you risk the possibility that we will disapprove it for use as the office for your Franchised Business. The factors that we consider in approving your commercial office location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove commercial office location selections within fifteen (15) days of submission to us. If we do not approve your commercial office location, you cannot operate your office from that location.

You are required to bring the Approved Location into compliance with System standards. We do not make any representation or warranty of any kind, express or implied, as to the suitability of the site you select. Your decision to operate the office for your Franchised Business at the site is based solely on your own independent investigation of the suitability of the site for the Franchised Business. You release us, and our affiliates, officers, directors, managers, employees and agents from any and all losses, damages and liabilities arising from or in connection with your selection of the site for the office for your Franchised Business. If you operate the office for your Franchised Business from an Approved Location, it must be solely for the operation of the Franchised Business. You are prohibited from using or permitting the use of the premises for any other purpose or activity unless otherwise approved by us. If we specify in the Operations Manual or otherwise, you must maintain minimum hours and staff at the Approved Location. You must also maintain the Approved Location in accordance with our System Standards, which may include signage, exterior and interior design, décor, colors, furnishings and fixtures as we direct.

9. MARKETING.

9.A ADVERTISING.

You are required to participate in our centrally managed Mailer Program and Digital Advertising Program each year. In addition to the required centrally-managed Mailer Program and Digital Advertising Program, you may choose to use other advertising and promotional methods we have approved. If you meet or exceed the Gross Sales threshold in a given calendar year as set forth in Section 3E above, you

must spend annually the Required Advertising Expenditure on marketing in the succeeding year, which includes the required British Swim School centrally managed Mailer Program and Digital Advertising Program, as well as your own local marketing efforts. Any advertising and promotion conducted by you with respect to the Franchised Business must follow our guidelines. All advertising and promotional materials that you develop for the Franchised Business must contain notices of the domain of our Franchise System Website (as defined in Section 9E below) in the manner we designate. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. All advertising, promotion and marketing must conform to our System Standards. At least ten days before you intend to use them, you agree to send us for approval samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within five days of our receipt of such materials, then they shall be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

9.B ADVERTISING AND MARKETING FUND.

Recognizing the value of advertising and marketing to the goodwill and public image of British Swim School Businesses, we have established a national advertising and marketing fund (the "**Marketing Fund**") for the advertising, marketing, and public relations programs and materials we deem appropriate that will be used nationally, regionally, or locally in our franchise owners' markets. You agree to contribute to the Marketing Fund in an amount equal to two percent (2%) of your Gross Sales, due and payable in the same manner as the Royalty ("**Marketing Fund Contribution**"). British Swim School Businesses owned by us or our affiliates will contribute to the Marketing Fund on the same basis as our franchise owners.

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining our Franchise System Website or related Websites that promote British Swim School Businesses and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; to implement a loyalty program or other marketing programs designed to encourage the use of British Swim School Businesses; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials that we may develop at no cost. The Marketing Fund will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling and storage charges.

We will account for the Marketing Fund separately from our other funds. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including, without limitation, conducting market research; public relations; preparing

advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund is not our asset. Although the Marketing Fund is not a trust, we will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in this Section. We do not have any fiduciary obligation for administering the Marketing Fund or for any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9B.

The purpose of the Marketing Fund is to maximize recognition of the Marks, patronage of British Swim School Businesses and the British Swim School brand generally. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs, and to place such materials, that will benefit all British Swim School Businesses, we cannot ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its Marketing Fund Contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We will not use the Marketing Fund Contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a British Swim School Business franchise owner and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Marketing Fund Contributions during the preceding 12-month period.

9.C FRANCHISE SYSTEM WEBSITE.

We may establish a Website to advertise, market, and promote British Swim School Businesses; the swim lessons, products and services that they offer and sell; and/or a British Swim School franchise opportunity (the "**Franchise System Website**"). We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references the Franchised Business. If we provide you with a webpage on the Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage, including information on your Pool(s); (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We reserve the right to include

a charge as part of the technology fee for our maintenance of your webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage and all information it contains (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We will maintain the Franchise System Website and may use the Marketing Fund's assets to develop, maintain, and update the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage). You acknowledge that we have final approval rights over all information on the Franchise System Website (including your webpage). We may implement and periodically modify System Standards relating to the Franchise System Website.

Even if we provide you a webpage on our Franchise System Website, we will only maintain such webpage while you are in full compliance with this Agreement and all System Standards we implement (including, without limitation, those relating to the Franchise System Website). If you are in default of any obligation under this Agreement or the Franchise System, then we may, in addition to our other remedies, temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon this Agreement's expiration or termination.

All advertising, marketing, and promotional materials that you develop for the Franchised Business must contain notices of the Franchise System Website's domain name in the manner we designate.

We reserve the sole right to sell the products sold by British Swim School Businesses on the Internet through the Franchise System Website. You agree that you will not sell any British Swim School Business products or services to customers on a Website through the Internet or through any alternative channels of distribution except as approved by us.

If you wish to advertise online, you must follow our online policy, which is contained in our Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to 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.

9.D FRANCHISE ADVISORY COUNCIL.

We may establish a franchise advisory council, consisting of multiple franchisees that advise us on advertising policies and acts as a liaison to other franchisees in their areas. The members of the franchise advisory council are selected by us. We have the right to change or dissolve the franchise advisory council.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You must use the Computer System to maintain certain sales data and other information. You agree that we shall have access to the Computer System of the Franchised Business at all times and that we shall have the right to collect and retain from the Computer System any and all data concerning the Franchised Business.

You agree to give us in the manner and format that we prescribe from time to time:

(a) on or before the Royalty payment, a report on your Gross Sales during the preceding calendar month (or other accounting period we designate);

(b) within 15 days after the end of each calendar month, the operating statements, financial statements, statistical reports and other information we request regarding the Franchised Business covering that month;

(c) within the time limits specified in the Operations Manual, such other periodic operating statements, financial statements, statistical reports and other information we request regarding you and the Franchised Business;

(d) by January 31st of each year, annual profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior calendar year; and

(e) by April 15th of each year or within ten days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and the Franchised Business.

An officer must certify and sign each report and financial statement in the manner we prescribe. We reserve the right to disclose data derived from these reports.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at the Franchised Business for at least three years (including, but not limited to, sales transaction records, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipt and disbursement journals, credit card processing reports, and general ledgers). We may require you to have audited financial statements prepared annually during the term of this Agreement.

Further, at our request, you will provide financial information of your owners and guarantors sufficient to demonstrate such owners' and guarantors' ability to satisfy their financial obligations under this Agreement and their individual guarantees.

11. INSPECTIONS AND AUDITS.

11.A OUR RIGHT TO INSPECT THE FRANCHISED BUSINESS.

To determine whether you and the Franchised Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Franchised Business; (2) photograph the Franchised Business and observe and videotape the Franchised Business's operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor the Franchised Business using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview the Franchised Business's swim instructors, employees and customers; (6) utilize mystery shoppers or other marketing research techniques at your expense; and (7) inspect and copy any books, records, and documents relating to the Franchised Business's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Franchised Business's operation.

11.B OUR RIGHT TO AUDIT.

We may, at any time and without prior notice to you, examine your and the Franchised Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Gross Sales, you agree to pay us, within 15 days after receiving the examination report, the Royalty, Marketing Fees, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an

examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

12.A BY US.

You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or the other obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

12.B BY YOU.

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the franchise in reliance upon our perceptions of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses or capital appreciation related to the Franchised Business); (iii) substantially all of the assets of the Franchised Business; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the Franchised Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or in your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if one of your owners or an owner of one of your owners dies, a transfer of an interest in you or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) foreclosure upon the Franchised Business, or your transfer, surrender, or loss of the Franchised Business's possession, control, or management.

Additionally, you may not pledge this Agreement, an ownership interest in you or your owners, or your assets as security for any loan or other financing (to someone other than us), unless (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

If you intend to list the Franchised Business for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of the Franchised Business or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of the Franchised Business or of any ownership interest in you without our prior written approval of such materials.

12.C CONDITIONS FOR APPROVAL OF TRANSFER.

If you and your owners are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section 12C.

For any proposed transfer (including a transfer of this Agreement, a transfer of a "controlling ownership interest" (as defined in Section 17L) in you or one of your owners, or a transfer which is one of a series of transfers, regardless of the time period over which these transfers take place, which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners) all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee has sufficient business experience, aptitude, integrity and financial resources to operate the Franchised Business, must meet our criteria to become a franchisee and must be approved by us;

(2) you have paid all Royalties, Marketing Fees, and other amounts owed to us, our affiliates, and third-party vendors; have submitted all required reports and statements; and have not violated any provision of this Agreement or any other agreement with us or our affiliates;

(3) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(4) the transferee's representatives satisfactorily complete our then-current initial training program;

(5) the owner of the facility in which each Pool is located allows you to transfer the corresponding Pool Agreement to the transferee;

(6) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement and related documents (including, but not limited to, Owners Agreement and guaranty), any and all of the provisions of which may differ materially from any and all of those

contained in this Agreement, including the Royalty and the Marketing Fees; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining term of this Agreement;

(7) you pay us a transfer fee of $20,000. You will pay us a nonrefundable deposit of $1,000 when you request approval of a transfer and pay, in certain funds, the remaining amount when you execute the transfer documents;

(8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents;

(9) all individuals and entities who will be direct or indirect owners must execute or have executed a guaranty in the form we prescribe;

(10) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(11) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay the Royalty, Marketing Fees, and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;

(12) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other British Swim School Businesses you own and operate) identify yourself or themselves or any business as a current or former British Swim School Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a British Swim School Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us;

(13) you and your transferring owners comply with the non-compete, non-solicitation, and non-interference obligations under Section 15 of this Agreement; and

(14) you and your transferring owners reimburse us upon receipt for our invoice for any broker or other placement fees (including commissions, finder's fees and similar charges) we incur as a result of the transfer.

We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business.

12.D EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Agreement and the Franchised Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guaranty of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

12.E TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.

Notwithstanding Section 12C above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Franchised Business and, if applicable, other British Swim School Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business's assets are owned, and the Franchised Business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur and sign the form of consent to assignment and assignment to corporate entity satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents. You further agree to provide us with all organizational documents for the corporation or limited liability company that we require.

12.F OUR RIGHT OF FIRST REFUSAL.

If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement, and the Franchised Business, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 12B and 12C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12B and C above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in an Entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens

and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12F.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 12B and C above, and if you (and your owners) and the transferee comply with the conditions in Sections 12B and C above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option

12.G YOUR DEATH OR DISABILITY.

Upon your or your Designated Manager's death or disability, your or the Designated Manager's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Designated Manager's ownership interest in you, to a third party (which may be your or the Designated Manager's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed six months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12 (except that any transferee that is the spouse or immediate family member of you or your Designated Manager shall not have to pay the transfer fee described in Section 12C(7) if the transfer meets all the other conditions in Section 12C). A failure to transfer your interest in this Agreement or the Designated Manager's ownership interest in you within this time period is a breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Designated Manager from supervising the management and operation of the Franchised Business. If, upon your or the Designated Manager's death or disability, a manager approved by us is not managing the Franchised Business, your or the Designated Manager's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manager. The manager must complete our then-current initial training program at your expense. A new Designated Manager acceptable to us also must be appointed for the Franchised Business within 60 days.

13. EXPIRATION OF THIS AGREEMENT.

13.A YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of this Agreement, if you meet certain conditions and subject to the terms and conditions of this Section 13 and subject to the terms and conditions of this Agreement, then you will have the option to acquire a successor franchise to operate the Franchised Business as a British Swim School Business for up to two additional, consecutive terms of five years. The qualifications and conditions for the successor franchise term are described below.

When this Agreement expires:

(1) if you (and each of your owners) have substantially complied with this Agreement during its term;

(2) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 13B below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;

(3) if you add, update or replace Operating Assets (if necessary) at our request;

(4) if you (a) retain the right to use the Pool(s) and agree to renew your Pool Agreements, or (b) at your option, secure rights to use one or more substitute Pools that we approve and you enter into Pool Agreements with such Pools according to System Standards then-applicable for British Swim School Businesses; and

(5) if you complete any additional training we may require, at your expense;

then you have the option to acquire a successor franchise commencing immediately upon the expiration of this Agreement. You agree to sign the franchise agreement we then use to grant franchises for British Swim School Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You also agree to complete any additional training programs to meet our then-current standards at your expense.

If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement and all System Standards, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14B.

13.B GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice ("**Your Notice**") of your election to acquire a successor franchise no more than 12 months and no less than six months before this Agreement expires. We agree to give you written notice ("**Our Notice**") not more than three months after we receive your notice, of our decision:

(1) to grant you a successor franchise;

(2) to grant you a successor franchise on the condition that you correct existing deficiencies of the Franchised Business or in your operation of the Franchised Business;

(3) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise; or

(4) not to grant you a successor franchise if we are no longer offering franchises for British Swim School Businesses.

If applicable, Our Notice will:

(a) describe the improvements, technology upgrades, trade dress updates, and/or modifications required to bring the Operating Assets of the Franchised Business into compliance with then-applicable System Standards for new British Swim School Businesses; and

(b) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must cure certain deficiencies of the Franchised Business or its operation as a condition to our granting you a successor franchise, we will give you written notice of our decision not to grant a successor franchise, based upon your failure to cure those deficiencies, not less than 90 days before this Agreement expires; provided, however, that we need not give you 90 days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the 90 day period before it expires. We may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

13.C AGREEMENTS/RELEASES.

If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for British Swim School Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, including the financial terms and the territorial description. You and your owners further agree to sign, in a form satisfactory to us, guaranties and general releases of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within 30 days after their delivery to you to be an election not to acquire a successor franchise.

13.D MODIFICATION OF TERRITORY.

Notwithstanding anything to the contrary contained herein, we reserve the right to modify your Territory based on demographic changes as a condition of granting you a successor franchise; provided that if you do not consent to our modifications to your Territory, you may revoke your election to acquire a successor franchise.

14. TERMINATION OF AGREEMENT.

14.A TERMINATION BY YOU.

If you and your owners are fully complying with this Agreement and we materially fail to comply with this Agreement and do not correct the failure within 30 days after you deliver written notice of the material failure to us or, if we cannot correct the failure within 30 days, give you within 30 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of termination.

Your termination of this Agreement other than according to this Section 14A will be deemed a termination without cause and a breach of this Agreement.

14.B TERMINATION BY US.

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating the Franchised Business;

(2) you (or your Designated Manager), or your Aquatics Lead does not complete the Initial Training Program in accordance with Section 4A of this Agreement;

(3) you do not (i) open the Franchised Business for business in accordance with Section 2E and teach your first swim lesson within 180 days of the Scheduled Opening Date, (ii) pay the Mailer Program Fees due within 30 days of the Scheduled Opening Date, and (iii) pay the Digital Advertising Program Fees at the time your website goes live;

(4) an individual, other than a swim instructor satisfying the training requirements specified in Section 2D, teaches a swim lesson at the Franchised Business;

(5) you abandon the Franchised Business or fail to provide swim lessons for more than 14 consecutive days, unless you have obtained our prior written approval of the suspension;

(6) you (or your owners) make or attempt to make any transfer in violation of Section 12;

(7) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(8) you fail to maintain the insurance we require and do not correct the failure within ten days after we deliver written notice of that failure to you;

(9) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Franchised Business's reputation or the goodwill associated with the Marks;

(10) you lose the right to use any of your Pools due to your actions or your breach of a Pool Agreement;

(11) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(12) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Franchised Business in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within 72 hours after you receive notice from us or any other party;

(13) you fail to maintain the appearance and condition of a Pool as required by us or the Franchised Business's Operating Assets pursuant to Section 8A;

(14) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within ten days after we or any applicable government agency deliver notice to you of that violation or failure;

(15) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;

(16) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes;

(17) you have insufficient funds in your designated account to cover your payments owed for the Royalty, Marketing Fees and other amounts due on three separate occasions within a 12-month period;

(18) you understate your Gross Sales three times or more during this Agreement's term or by more than five percent (5%) on any one occasion;

(19) you (or any of your owners) (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(20) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Franchised Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or the Franchised Business is not vacated within 30 days following the order's entry;

(21) you fail to pay any Pool operator or any other third-party supplier the fees due within 30 days after the due date;

(22) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you; or

(23) you commit any material breach of any Franchise Agreement or financing or other agreements related to your Franchise Agreement (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement)

15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

15.A PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us (or our affiliates), the Royalties, Marketing Fees, interest, and all other amounts owed to us (and our affiliates) which then are unpaid. We have the right to set off any

amount you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You acknowledge and agree that, upon the termination or expiration of this Agreement, we shall not become responsible for paying any other third-party amounts you may owe to such third party.

15.B UNUSED SWIM SCHOOL SUBSCRIPTIONS.

In the event that this Agreement expires or is terminated for any reason while you have customer obligations outstanding under Swim School Subscriptions, then immediately after the date of termination or expiration of this Agreement, you agree to provide each customer a refund with respect to the unused portion of the Swim School Subscription for which the customer has paid. In the event that you do not refund your customers for unused Swim School Subscriptions within ten days after the termination or expiration of this Agreement, we reserve the right to pay such customers a refund on your behalf and charge you five percent (5%) interest (or the highest interest allowed by applicable law) on such refund amounts until we receive reimbursement in full.

15.C MARKS.

(1) Removal of Signs and Marks. In the case of expiration, you must deliver to us all Operating Assets and other products and materials containing any Mark or otherwise identifying or relating to a British Swim School Business on or before the date on which this Agreement expires. In the case of a termination, you must deliver to us all Operating Assets and other products and materials containing any Mark or otherwise identifying or relating to a British Swim School Business within seven days after the date this Agreement is terminated.

(2) Additional De-Identification Requirements. When this Agreement expires or is terminated:

(a) you may not directly or indirectly at any time or in any manner (except with other British Swim School Businesses you own and operate) identify yourself or any business as a current or former British Swim School Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a British Swim School Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(b) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) if you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to remove any signs or other materials containing any Marks from Pools or any other locations used by the Franchised Business;

(d) you acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "**Identifiers**") used in the operation of the Franchised Business constitutes our assets, and upon termination or expiration of this Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name

or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your Franchised Business and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our right to the Identifiers and our authority to direct their transfer;

(e) if applicable, immediately (i) cease using or operating any Website or other online presences or electronic mediums, including, but not limited to, social networking Websites (such as LinkedIn, Instagram, Twitter, Facebook, or YouTube), related to the Franchised Business or the Marks, (ii) take any action as may be required to disable such Websites or social networking Website accounts, and (iii) cancel all rights in and to any accounts for such Websites;

(f) you must follow any reasonable procedures established by us to ensure the expiration of this Agreement creates the least disruption possible to the System, including those procedures set forth in the Operations Manual; and

(g) you agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.D CONFIDENTIAL INFORMATION.

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology, digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the Franchise System, and customer information) in any business or otherwise and return to us all copies of the Operations Manual and any other Confidential Information that we have loaned you. For avoidance of doubt, you agree to deliver to us copies, including electronic copies of lists and other sources of information containing the names and contact information of customers, potential customers, suppliers and vendors of the Franchised Business, as well as all customer files, data and information, records, accounts and account information in any form (regardless of whether in paper or electronic format).

15.E COVENANT NOT TO COMPETE.

Upon termination or expiration of this Agreement, you and your owners agree that, for two years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 15E begin to comply with this Section 15E, whichever is later, neither you nor any of your owners (or their immediate family members) will:

(a) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business located or operating:

(1) within the Territory (including the premises of the Franchised Business); and

(2) within a 15 mile radius of the Territory; and

(3) within a 15 mile radius of any swimming pool from which a British Swim School Business is operated as of the date of termination or expiration of this Agreement; or

(b) lease, rent or otherwise permit a Competitive Business to use or operate from any pool facility that you own, operate, lease or rent.

These restrictions also apply after transfers, as provided in Section 12C (13) above. If any person restricted by this Section 15E refuses voluntarily to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 15E will not deprive you of your personal goodwill or ability to earn a living.

If a court of competent jurisdiction determines that the two-year post-term restrictive period set forth above is too long to be enforceable, then the post-term restrictive period above shall be for a period of one year from the termination, expiration or transfer of this Franchise Agreement.

15.F NON-SOLICITATION AND NON-INTERFERENCE.

Upon termination or expiration of this Agreement, you and your owners agree that, for two years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 15E begin to comply with this Section 15E, whichever is later, neither you nor any of your owners (or their immediate family members) will:

(a) solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any British Swim School Business customers, vendors, or consultants; or

(b) engage in any other activity that might injure the goodwill of the Marks and/or the Franchise System.

15.G APPROVED LOCATION.

Upon termination or expiration of this Agreement, at our option, you agree to assign to us any interest you have in any lease for the Approved Location and thereafter vacate the premises, rendering all necessary assistance to us to enable us to take prompt possession of the Approved Location. If you fail to do so, we have the right to make such assignment on your behalf and you hereby appoint us as your attorney-in-fact to do so. If we do not elect to exercise our option to acquire the lease for the commercial office location for the Franchised Business, you must make all modifications and alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the commercial office location from the appearance of other franchise premises under the System and you must make specific additional changes as we request for that purpose. If you fail or refuse to comply with the requirements of this Section 15.G, we have the right to enter the premises, without being guilty of trespass or other tort, for the purposes of making or causing to be made such changes as may be required, at your expense, which you agree to pay to us on demand.

15.H CONTINUING OBLIGATIONS.

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

16.A INDEPENDENT CONTRACTORS.

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all public records, on letterhead and business forms, and in all dealings with customers, suppliers, public officials, British Swim School Business personnel, and others as the Franchised Business's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time. Upon our request, you and each of your employees will sign an employment acknowledgment form within seven days stating that you alone are the employer and operate the Franchised Business. Furthermore, you will use your legal name on all documents for use with your employees and contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and you will not use the Marks on these documents.

16.B NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct under this Agreement.

16.C TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or the Franchised Business, due to the business you conduct (except for income taxes due in our home state). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

16.D INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties, to the fullest extent permitted by law, for, all claims, obligations, and damages directly or indirectly arising out of the Franchised Business's operation, the business you conduct under this Agreement, the infringement, alleged infringement or any other violation by you, your owners or principals, of:

(i) any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or Franchise System;

(ii) violation, breach or asserted violation or breach of any federal state, or local law, regulation, ruling or industry standard;

(iii) libel, slander or any other form of defamation

(iv) your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding or ruling that we are an employer or joint employer of your employees;

(v) any loss of data, including but not limited to customer information, resulting from a breach of such data caused in whole or in part by you or your negligence;

(vi) your failure to pay the monies payable (to us or any of our affiliates) pursuant to this Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement;

(vii) any action by us to obtain performance by you of any act, matter, or thing required by the Agreement; or

(viii) your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, mediation, or alternative dispute resolution, regardless of whether litigation, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

17. ENFORCEMENT.

17.A SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise

agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

17.B WAIVER OF OBLIGATIONS.

Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other British Swim School Businesses; the existence of franchise agreements for other British Swim School Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Marketing Fees due afterward.

17.C COSTS AND ATTORNEYS' FEES.

The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney's fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement. Such costs and fees shall include costs and fees for any post-judgment motions, including motions for fees and costs.

17.D RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

17.E MEDIATION.

(1) Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, shall first be subject to non-binding mediation in Virginia Beach, Virginia. Mediation shall not defer or suspend our exercise of any termination right under Section 14.

(2) Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

(3) No litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date, as defined hereafter, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

(4) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

(5) Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

(6) No right or remedy conferred upon or reserved to either party is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(7) Nothing in this Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing this Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to your customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

17.F GOVERNING LAW.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the Commonwealth of Virginia, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing

the relationship of a franchisor and its franchise owner will not apply unless its jurisdictional requirements are met independently without reference to this section. If the covenants against competition are not enforceable under Virginia law, then the laws of the state in which the franchised business is located will apply to the enforceability of such covenants.

17.G CONSENT TO JURISDICTION.

We and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction having jurisdiction over matters wholly arising within the city or county in which our national office is located, presently Virginia Beach, Virginia, and we and you (and each of your owners) irrevocably consent to the exclusive jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts.

17.H WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 16D, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

17.I BINDING EFFECT.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

17.J CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.

ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS, AND A PROCEEDING BETWEEN US AND YOU OR YOUR OWNERS MAY NOT BE CONSOLIDATED WITH ANOTHER PROCEEDING BETWEEN US AND ANY OTHER PERSON OR ENTITY, NOR MAY ANY CLAIMS OF ANOTHER PARTY OR PARTIES BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN YOU AND US. EXCEPT FOR CLAIMS ARISING FROM YOUR NON PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. HOWEVER, THE PARTIES AGREE THAT, IN ORDER TO COMPLY WITH THIS PROVISION, EITHER PARTY MAY COMMENCE A JUDICIAL PROCEEDING BEFORE A RELATED MEDIATION PROCEEDING IS DECLARED COMPLETED.

17.K COVENANT OF GOOD FAITH.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any litigation shall substitute its judgment for our judgment so exercised.

17.L CONSTRUCTION.

The preambles and attachments are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in this Agreement) and the related documents, constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing contained herein shall be deemed a waiver of any rights you may have to rely on the franchise disclosure document.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change and are not a part of this Agreement.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Franchised Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "**controlling ownership interest**" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

The term "**person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "**Franchised Business**" includes all of the assets of the British Swim School Business you operate under this Agreement, including its revenue.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

17.M SURVIVAL.

We and you agree that the provisions of this Section 17 shall apply during the term of this Agreement and following the termination, expiration, or non-renewal of this Agreement.

18. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered:

(a) at the time delivered by hand;

(b) at the time delivered via computer transmission and, in the case of the Royalty, Marketing Fees, and other amounts due, at the time we actually receive payment via the EFT Authorization;

(c) one business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

(d) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(e) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

19. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you during the term of this Agreement.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

The consent given in this Section 19 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

20. COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

21. BUSINESS JUDGMENT.

We retain the right to operate, develop and change the Franchise System and the products and services offered by British Swim School Businesses in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of British Swim School Businesses as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

22. GUARANTY.

You and all your officers, directors, partners, and members of the franchisee entity (collectively "**Guarantors**"), agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. The Guarantors waive presentment, demand or notice of non-performance and the right to require us to proceed against the other Guarantors. In addition, by each of their individual signatures below, each individual Guarantor agrees to Sections 17 and 22 of this Agreement, and to be bound by the

terms of Section 15(a)-(e), inclusive, of this Agreement, as if the term "**Guarantor**" were substituted for the term "you" in each provision of Section 15(a)-(e), inclusive, of this Agreement.

23. SYSTEM MODIFICATIONS AND DISCRETION.

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the equipment, signage, color schemes and uniform specifications and all other design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the covenant of good faith and fair dealing (to the extent it is implied by applicable law).

Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other interests; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-operated operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your express rights and obligations under this Agreement.

24. RELEASE.

By executing this Agreement, you and everyone owning an interest in the franchisee entity, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge British Swim School Franchising, LLC, its past and present employees, agents, officers and directors, including British Swim School Franchising, LLC's parent, subsidiary and affiliates, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any duty we may have to offer to renew your Franchise as provided in any prior franchise agreements between us and you, or any claims arising out of facts occurring after the date of this Agreement.

(Signature Page Follows)

BRITISH SWIM SCHOOL FRANCHISING LLC,
a Delaware limited liability company

By: _____
Name: Ashley Gundlach
Title: President

DATED: _____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Entity Name]

_____
[Signature]

Print: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

DATED: _____

GUARANTORS:

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Ashley Gundlach, President

Date:_____

ATTACHMENT A

TO THE FRANCHISE AGREEMENT

Territory

Effective Date: _____, 20__

1. Initial Franchise Fee. The Initial Franchise Fee you shall pay us pursuant to Section 3A of the Franchise Agreement is $_____.

2. Territory. The Franchise Territory is as follows:

3. Children 10 years of age and younger. The estimated number of children 10 years of age and younger in the Territory is: _____.

Scheduled Opening Date

Scheduled Opening Date for the Franchised Business is as follows: _____

(Signature Page Follows)

BRITISH SWIM SCHOOL FRANCHISING LLC,
a Delaware limited liability company

By: _____
Name: Ashley Gundlach
Title: President

DATED: _____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Entity Name]

_____
[Signature]

Print: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

DATED: _____

ATTACHMENT B

TO THE FRANCHISE AGREEMENT

Franchisee: _____

Form of Ownership

(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage of Stock

Identification of Designated Manager. Your Designated Manager as of the Effective Date is _____ _____. You may not change the Designated Manager without prior written approval.

Signatures on following page

BRITISH SWIM SCHOOL FRANCHISING LLC,
a Delaware limited liability company

By: _____
Name: Ashley Gundlach
Title: President

DATED: _____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Entity Name]

_____
[Signature]

Print: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

DATED: _____

ATTACHMENT C

TO THE FRANCHISE AGREEMENT

SPECIAL STIPULATIONS

ATTACHMENT D

TO THE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by British Swim School Franchising, LLC ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same

remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

British Swim School Franchising, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

_____
[Insert Name of Owner]

_____
[Insert Name of Owner]

_____
[Insert Name of Owner]

_____
[Insert Name of Owner]

British Swim School Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: _____

Title: President

ATTACHMENT E

TO THE FRANCHISE AGREEMENT

Program Services Agreement

PROGRAM SERVICES AGREEMENT

This PROGRAM SERVICES AGREEMENT is entered into this ____ day of _____, 20__, between BSS SERVICES, LLC ("we," "us" or "BSS Services") and _____ ("you" or "Franchisee").

WHEREAS, British Swim School Franchising, LLC ("Franchisor") and Franchisee are parties to that certain Franchise Agreement date as of the same date hereof (the "Franchise Agreement");

WHEREAS, pursuant to the terms of the Franchise Agreement, Franchisee is required to purchase Mailer Program services from Franchisor or its affiliate.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Setup Fee. You must pay us a fee to setup the Mailer Program (the "Setup Fee") within thirty (30) days prior to the Scheduled Opening Date. Currently, the Setup Fee is $1,000 per Territory.

2. Mailing List Fee. You must pay to us a fee to obtain the mailing list each year (the "Mailing List Fee"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory.

3. Postcard Fee. Through the Mailer Program, you must send postcards to all of the Targeted Households located in your Territory. The Mailer Program requires 30,000 postcards to be mailed to Targeted Households in your Territory each year. We will determine the number of Targeted Households and the schedule, distribution and frequency of the postcards to Targeted Households in your Territory each year. You must pay us a fee per postcard for each Targeted Household in your Territory (the "Postcard Fee"). Currently, the Postcard Fee is $0.43 per postcard.

4. First Operating Year Mailer Program Fees. For your first year of operation, you must pay to us the Setup Fee, Mailing List Fee and Postcard Fee (collectively, the "Mailer Program Fees") at least thirty (30) days prior to the Scheduled Opening Date.

5. Subsequent Year Mailer Program Fees. After your first year of operation, you shall pay to us the Mailing List Fee and the Postcard Fee each year. You must pay us the Mailing List Fee within thirty days of the first mailing. You must pay us the Postcard Fee each month in advance of the mailings. The amount of each payment will be determined by us based on the Targeted Households in your Territory and the mailing list we purchase for the Mailer Program. You must make the payment to us by electronic funds transfer, or such other method as we determine from time to time.

6. Search Engine Optimization Fee. You must pay us a monthly fee per website for our provision and/or management of search engine optimization services (the "Search Engine Optimization Fee"). Currently, the Search Engine Optimization Fee is $300 per month. For your first year of operation, you must pay 100% of the annual Search Engine Optimization Fee ($3,600) to us at the time your website goes live. In subsequent years of operation, you must pay the Search Engine Optimization Fee to us one month prior to the month of service.

7. Digital Marketing Fee. You must pay to us or an approved supplier a minimum monthly fee per Territory for online, social media and other digital marketing initiatives and campaigns (the "Digital Marketing Fee"). Currently, the Digital Marketing Fee is $916.66 per month or $11,000 per year. For your first year of operation, you must pay 100% of the Digital Marketing Fee ($11,000) to us at the time your

website goes live. In subsequent years of operation, you must pay the Digital Marketing Fee to us or our approved supplier on a pro rata, monthly basis, as incurred. You may wish to spend more.

8. Rights, Fee Increases. We rent exclusive rights to use the mailing list for one year at a time and these lists are not available to you. They are solely available for use by us and/or our affiliates. We reserve the right to increase the Mailer Program Fees to reflect changes in the costs of design, production, list purchasing costs and postage and the Search Engine Optimization Fee and Digital Marketing Fee (collectively, the "Digital Advertising Program Fees") to reflect changes in the costs of the digital services. You must pay the then-current price in effect for the Mailer Program services and Digital Advertising Program services provided by us under this Agreement, which may be more than our costs to provide the Mailer Program services and/or the Digital Advertising Program services to you. We will provide you with thirty (30) days' prior written notice of any change in the amount of the Mailer Program Fees and the Digital Advertising Program Fees. You acknowledge and agree that (i) we have the right to administer the Mailer Program and the Digital Advertising Program and to profit therefrom, and (ii) you release any and all claims that you may have, now or at any time in the future, with respect to such administration and/or profit.

9. Our Obligations.

(a) Mailer Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will produce, or use a third party selected by us to produce, mailers for the Targeted Households in your Territory and deliver, or have delivered by a third party selected by us, the mailers to the United States Postal Service (or such other mail service we specify) on a weekly during the season. You may request that we produce, or have produced, and deliver, or have delivered, to the United States Postal Service (or such other mail service we specify) additional mailers on your behalf. You must pay our then-current fee for all additional mailers produced pursuant to this Section 9.

(b) Digital Marketing Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will provide SEO for your local website that we authorize, and online placement services, such as pay-per-clock advertising, Facebook or other social media advertising administration, remarketing or other digital advertising services.

10. Late Fees. You must pay to us interest at the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on all amounts you owe to us that are more than fifteen (15) days past due. All unpaid amounts will continue to accrue interest until paid in full.

11. Term. Unless sooner terminated as provided herein, the term of this Agreement shall be commensurate with the term of the Franchise Agreement and upon termination of the Franchise Agreement, this agreement shall immediately terminate; provided that your payment obligations under this Agreement will survive termination.

12. Termination. This Agreement will automatically terminate upon the termination of the Franchise Agreement. In addition, we have the right to terminate this Agreement upon ten (10) days' notice to you if you are in default under any terms and conditions of the Franchise Agreement or under any terms and conditions of this Agreement and such default continues for a period of ten (10) days after written notice to you. A default under this Agreement constitutes a default under the Franchise Agreement.

13. Pre-Termination Options. Prior to termination of this Agreement, if you are in default of any of your obligations under this Agreement, we may, in addition to other remedies that we may have, suspend all Mailer Program services and/or Digital Advertising Program services we are required to provide to you under this Agreement. In addition, if you are in default under the terms of this Agreement, we reserve the right to withhold provision of services to you under the Franchise Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

14. Mailing Lists and Delivery. We obtain the mailing lists and identify the Targeted Households from third party data compilation and demographic information service provider(s) that we and/or our affiliate(s) select. We make no representation or warranty regarding the accuracy of any such mailing lists or demographic information related to the Targeted Households, which we use to perform our obligations under this Agreement. We are unable to represent or warrant that the actual number of mailers produced by us or a third party on your behalf and delivered to the United States Postal Service (or other mail service specified by us) will be delivered by the postal carrier to the Targeted Households in your Territory.

15. Assignment. This Agreement is fully assignable by us. You may not assign this Agreement, whether by sale of assets, merger, consolidation, or otherwise, or any obligations contained herein, without our prior written consent.

16. Capitalized Terms. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Franchise Agreement.

17. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

18. Third Party Beneficiary. You acknowledge and agree that Franchisor is an express and intended third party beneficiary of this Agreement, with the right to directly enforce this Agreement as it were a party hereto.

19. Waiver. The failure by BSS Services to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of BSS Services' rights thereafter to enforce each and every term and condition of this Agreement.

20. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

21. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

22. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

23. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state and federal courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

24. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

25. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

26. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

27. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

BSS SERVICES, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____
Address:_____
_____

GUARANTY FOR PROGRAM SERVICES AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned jointly and severally agree as follows: (a) the undersigned guarantees to BSS Services, LLC ("BSS Services") that _____ ("Franchisee") shall promptly pay and perform each and every undertaking, agreement and covenant of Franchisee set forth in the Program Services Agreement, and (b) the undersigned jointly and severally agree to be personally bound by, and personally liable for any breach of each and every provision of the Program Services Agreement by Franchisee, and (c) the undersigned jointly and severally guaranty payment of all amounts owed to BSS Services from time to time by Franchisee.

Dated this ____ day of _____, 20__

GUARANTORS:

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

ATTACHMENT F

TO THE FRANCHISE AGREEMENT

State Addenda

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is entered into this _____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement shall be amended as follows:

a. The California Franchise Relations Act provides rights to the Franchisee concerning termination or nonrenewal of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

b. Section 3H of the Franchise Agreement is amended to state ten percent (10%) interest, which is the highest rate of interest allowed by law in California.

c. Sections 12C and 13C of the Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and transfer of the franchise. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

d. Section 14B of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

e. Section 15E of the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement; this covenant may not be enforceable under California law.

f. Section 17F of the Franchise Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

g. Section 17G of the Franchise Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement may not be enforceable under California law.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud in the inducement, whether common law or statutory, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement shall be amended as follows:

a. Section 14B of the Franchise Agreement shall be amended to add:

The conditions under which the Franchise Agreement can be terminated and the effects of termination may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

b. Section 17F of the Franchise Agreement shall be amended to add:

Illinois law governs the Franchise Agreement.

c. Section 17G of the Franchise Agreement shall be amended to add:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Unless expressly amended by this Agreement, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Franchise Agreement shall be amended as follows:

a. Sections 12C and 13C of the Franchise Agreement do not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. Section 16D is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

c. Section 17F is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF IOWA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Iowa Business Opportunity Promotions Law, Iowa Code Ch. 551A, the Franchise Agreement shall be amended as follows:

a. Sections 12C and 13C of the Franchise Agreement and the Franchise Disclosure Questionnaire require Franchisee to sign a general release as a condition of renewal and transfer of the franchise. Under Iowa Code Ch. 551A, any provision that prospectively requires a franchisee to assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Code Ch. 551A is void to the extent that such provision violates such law.

b. The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.
Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Iowa Business Opportunity Promotions Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Franchise Agreement shall be amended as follows:

a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

b. Section 14B of the Franchise Agreement which terminates the Franchise Agreement upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

c. Section 17F of the Franchise Agreement states that the franchise must be governed by the laws of the Commonwealth of Virginia; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

d. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Agreement.

e. Sections 18, 23 and 24 of the Franchise Agreement require the Franchisee to disclaim the occurrence and/or non-occurrence of certain acts; such disclaimers are not intended to, nor shall they at act, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. All representations requiring prospective franchisees to assert to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

f. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

g. Attachment E to the Franchise Agreement, the Program Services Agreement, shall be amended to add that a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise said Franchise Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

a. Section 5E shall be amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

b. Sections 12C and 13C do not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

c. Section 14 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

d. Section 17F shall be amended to add that Franchisor shall not in any way abrogate or reduce Franchisee's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Section 17J shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

f. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury

trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Franchise Agreement is amended as follows:

a. Under Section 12A of the Franchise Agreement, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

b. Sections 12C and 13C require you to sign a general release as a condition of renewal and transfer of the Franchise, and Section 24 contains a general release by you; the release excludes claims arising under the General Business Laws of the State of New York.

c. Section 16D is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products which we required, if such procedures or products were utilized by you in the manner required by us.

d. Section 17G of the Franchise Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Franchise Agreement shall be amended as follows:

(a) Section 3A of the Franchise Agreement is amended to add: "Notwithstanding the foregoing, the North Dakota Securities Division requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until we have completed our pre-opening obligations and you have commenced operations.

(b) Section 13C of the Franchise Agreement requires Franchisee to sign a general release as a condition of renewal of the franchise; such release shall exclude claims arising under the North Dakota Franchise Investment Law.

(c) Section 15E of the Franchise Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(d) Section 17F of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by North Dakota law.

(e) Section 17G of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(f) The provisions of Section 17H of the Franchise Agreement regarding waiver of jury trial are deleted.

(g) Section 17H of the Franchise Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF OHIO

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Date: _____

Franchisee:

By: _____
Print Name: _____
Its:_____

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Ohio Business Opportunity Purchasers Protection Act applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Agreement shall be amended as follows:

(a) Section 17F of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by Rhode Island law.

(b) Section 17G of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Franchise Agreement shall be amended as follows:

a. Section 14B(23) states that the Franchisor may terminate the Franchise Agreement if any other agreement between you or your affiliates and Franchisor or its affiliates is terminated; this provision may not be enforceable if the grounds for termination does not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the State of Washington Franchise Investment Protection Act (the "Act"), the Franchise Agreement for British Swim School Franchising, LLC shall be amended as follows:

(a) Section 12.C. of the Franchise Agreement is amended to add:

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

(b) Section 17.F. of the Franchise Agreement is amended to add:

In the event of any conflict of laws, the provisions of the Act will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. A release or waiver of rights executed by Franchisee may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

4. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise

Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Franchise Investment Protection Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

9. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Franchise Agreement.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

EXHIBIT B

AREA DEVELOPMENT AGREEMENT AND STATE AMENDMENTS

BRITISH SWIM SCHOOL

AREA DEVELOPMENT AGREEMENT

Section		Page
1.	GRANT	3
2.	CUMULATIVE FRANCHISE FEE	4
3.	DEVELOPMENT OBLIGATIONS	4
4.	TERM	5
5.	DUTIES OF THE PARTIES	5
6.	DEFAULT	6
7.	TRANSFERS	7
8.	COVENANTS	10
9.	NOTICES	11
10.	PERMITS AND COMPLIANCE WITH LAWS	12
11.	INDEPENDENT CONTRACTOR AND INDEMNIFICATION	12
12.	APPROVALS AND WAIVERS	12
13.	ENTIRE AGREEMENT AND AMENDMENT	12
14.	RELEASE OF PRIOR CLAIMS	13
15.	NON-WAIVER OF BREACH	13
16.	APPLICABLE LAW	13
17.	GUARANTY	14

EXHIBITS

EXHIBIT A Development Schedule

EXHIBIT B Guarantee

EXHIBIT C Franchise Agreement

BRITISH SWIM SCHOOL
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (the "Agreement") is entered into on _____, 20____ by and between BRITISH SWIM SCHOOL FRANCHISING, LLC (the "Franchisor", "British Swim School"), and _____, a _____ having its principal offices located at _____, _____, _____ (the "Area Developer").

WITNESSETH:

WHEREAS, Franchisor has developed a method and concept (the "System") to provide a business offering swimming and water survival instruction services using the System and the Marks (as both are defined below) (the "Franchised Business or Businesses");

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to, the mark "British Swim School" and logo, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the "Marks"); and

WHEREAS, Area Developer wishes to obtain certain development rights to operate Franchised Businesses under Franchisor's System and wishes to obtain franchises from Franchisor for that purpose.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. GRANT

1.1 Franchisor hereby grants development rights to Area Developer, and Area Developer hereby accepts the obligation, pursuant to the terms and conditions of this Area Development Agreement, to develop the number of Franchised Businesses as specified in Exhibit A to this Agreement. Each Franchised Business for which a development right is granted hereunder shall be established and operated pursuant to: (i) a separate British Swim School Franchise Agreement ("Franchise Agreement") to be entered into between Area Developer and Franchisor in accordance with Section 3.1 below; and (ii) the development schedule set forth in Paragraph 2 of Exhibit A attached hereto (the "Development Schedule"). Each Franchised Business developed hereunder shall be located in the area described in Paragraph 1 of Exhibit A, attached hereto (the "Development Area"). Area Developer (and its affiliates) may not open a second Franchised Business until the first Franchised Business opened pursuant to this Agreement has been open for at least twelve months. Area Developer may purchase additional territories (beyond the number granted in this Agreement) at the discounted price (currently $24,500 per territory) within 24 months after the opening of its (or its Affiliate's) first Franchised Business, provided Area Developer (or its Affiliate) is a franchise owner in good standing, and at our sole discretion.

1.2 So long as Area Developer is in compliance with its obligations under this Agreement and/or any other agreements with the Franchisor or its affiliates, Franchisor shall not establish, nor license anyone other than Area Developer to establish, a Franchised Business under the System in the Development Area, until the last date specified in the Development Schedule. Franchisor retains all rights not specifically granted to Area Developer, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "British Swim School" Franchised Businesses at any location outside the Development Area; (ii) to acquire and operate businesses of any kind at any location within or outside of the Development Area (excluding Franchised Businesses in the same line of service operated under the System within the Development Area); (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a "British Swim School" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein.

1.3 This Agreement is not a franchise agreement, and does not grant to Area Developer any right to use in any manner Franchisor's Marks or System.

1.4 Area Developer shall have no right under this Agreement to license others to use in any manner the Marks or the System.

2. CUMULATIVE FRANCHISE FEE

2.1 In consideration of the development rights granted herein, Area Developer has paid to Franchisor upon execution of this Agreement a fee of _____ Dollars ($_____), receipt of which is hereby acknowledged by Franchisor, which has been fully earned and is non-refundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Area Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 Area Developer (or an entity controlled by Area Developer (hereafter "Affiliate")) shall execute a Franchise Agreement for each Franchised Business in a territory approved by Franchisor in the Development Area as hereinafter provided (the "Territory"). The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit C (the "First Franchise Agreement"). The Franchise Agreement for each additional Franchised Business developed hereunder shall be in the form of the Franchise Agreement being offered generally by Franchisor at the time each such Franchise Agreement is executed. The Franchise Agreement for each Franchised Business shall be executed by Area Developer and submitted to Franchisor within fifteen (15) days of its receipt from Franchisor. Area Developer must execute one Franchise Agreement, and make all payments required thereunder at the time of signing, at the time this Area Development Agreement is signed.

Franchisor's duty to offer or grant franchises is subject to the requirement to maintain franchise disclosure documents and franchise registrations as required by law. If Franchisor may not lawfully offer or sell a franchise at a time Area Developer desires to execute the Franchise Agreement, Franchisee's and Area Developer's duties hereunder shall be deferred until such documents are amended and, if applicable, approved for use, and delivered to Area Developer.

3.2 Recognizing that time is of the essence, Area Developer agrees to satisfy the Development Schedule. Failure by Area Developer to adhere to the Development Schedule, shall constitute a default under this Agreement as provided in Section 6.2 hereof.

4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the date when Area Developer has opened and in operation all of the Franchised Businesses required by the Development Schedule.

5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, Franchisor shall furnish to Area Developer the following:

5.1.1 Such developer training for Area Developer as Franchisor may deem advisable.

5.2 Area Developer accepts the following obligations:

5.2.1 An Area Developer which is a corporation shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1.1 Area Developer shall furnish Franchisor with its Articles of Incorporation, Bylaws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto;

5.2.1.2 Area Developer shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder;

5.2.1.3 Area Developer shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with British Swim School dated _____.

Reference is made to the provisions of said Area Development Agreement and to the Articles and Bylaws of this Corporation.

5.2.1.4 Area Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Area Developer and shall furnish the list to Franchisor upon request.

5.2.2 An Area Developer which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.2.1 Area Developer shall furnish Franchisor with its partnership agreement or membership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

5.2.2.2 Area Developer shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder; and

5.2.2.3 Area Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners and all members in Area Developer.

5.2.3 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.2.4 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

5.2.5 Area Developer shall provide Franchisor with annual unaudited balance sheets and statements of financial condition.

6. DEFAULT

6.1 Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; or if Area Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; or

if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Business developed hereunder is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of Area Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Area Developer fails to meet its obligations under the Development Schedule, such action shall constitute a default under this Agreement, upon which Franchisor, in its discretion, may terminate the rights granted in Section 1.2 hereof, effective thirty (30) days following notice from Franchisor.

6.3 Except as otherwise provided in Sections 6.1 and 6.2 above, if Area Developer fails to comply with any material term and/or condition of this Agreement, or fails to comply with the terms and/or conditions of any Franchise Agreement between the Area Developer (or a person or entity affiliated with or controlled by the Area Developer) and the Franchisor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the fifteen (15)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to the right to develop new Franchised Businesses) shall terminate without further notice to Area Developer effective immediately upon the expiration of the fifteen (15)-day period or such longer period as applicable law may require. Notwithstanding the foregoing, if Area Developer is in default under any Franchise Agreement, the provisions of this Section 6.3 shall not be construed to grant any cure period that is in addition to, or longer than, any cure period applicable to such breach under the Franchise Agreement, and any cure period, if applicable, shall be as set forth in the Franchise Agreement.

6.4 Upon termination of this Agreement, Area Developer shall have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Thereafter, Franchisor shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer.

6.5 No default under Section 6.2 or 6.3 of this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

6.6 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Franchisor may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining Area Developer's approval. Neither Area Developer nor an owner with an interest in this Agreement (collectively "transferor") may sub-license or sub-franchise its rights granted by this Agreement. Area Developer's interest under this Agreement or its ownership in the Area Developer entity may be transferred or assigned only if transferor complies with the following provisions. No interest may be transferred unless or until Area Developer and the transferor are in full compliance with this Agreement. No right to execute a Franchise Agreement may be assigned apart from an assignment of all of Area Developer's rights to execute Franchise Agreements under this Agreement.

7.2 If a transferor has received and desires to accept a signed, bona fide offer to purchase or otherwise transfer an interest in Area Developer's business or any interest in this Agreement or the Area Developer entity, the transferor shall grant Franchisor the option (the "Right of First Refusal") to purchase transferor's business or interest in the Area Developer as hereinafter provided.

7.3 If the transferor desires to make a transfer, such person or entity must comply with the following terms, conditions and procedures to effectuate a valid transfer:

7.3.1 If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in Franchisor's reasonable opinion result in the transfer of effective control over the ownership of this Agreement and/or operation of Area Developer's business, a material part of Area Developer's assets or the Area Developer entity, the transferee must apply for an Area Development Agreement and must meet all of Franchisor's then current standards and requirements for becoming an Area Developer (which standards and requirements need not be written).

7.4 Regardless of the degree of control which would be affected by a proposed transfer:

7.4.1 The proposed transferor shall first notify Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner Franchisor prescribes, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

7.4.2 The transferor shall provide Franchisor with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to Franchisor, accompanied by the proposed transferee's written agreement to the terms.

7.4.3 The proposed transferor shall provide Franchisor with any additional information, agreements, certifications or documents Franchisor requests for use in its evaluation of whether to approve the transfer or to exercise its Right of First Refusal.

7.4.4 Upon receipt of Franchisor's request, the proposed transferor shall promptly provide Franchisor with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once Franchisor has received all materials

submitted by the proposed transferor and has reviewed all property, records and documents Franchisor has requested, within thirty (30) days Franchisor shall notify the transferor of Franchisor's decision to exercise its right to acquire all or any part of the interest being transferred, and the conditions, if any, under which Franchisor will approve the proposed transfer.

7.4.5 If the transferor's interest in Area Developer, the Area Developer's business or in this Agreement is being offered in combination with one or more other items, Franchisor has the right to purchase the interest it selects at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, Franchisor may establish a fair value for the interest it selects to acquire, based either upon the prices paid for similar interests in arm's length transactions during the previous two (2)-year period before the date of the proposed transfer, or on other reasonable criteria.

7.4.6 If non-monetary consideration is offered, Franchisor may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, Franchisor may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At Franchisor's option, Franchisor may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If Franchisor elects this option, Franchisor may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for Franchisor. Neither Franchisor nor its assignee shall be liable for paying any brokerage commission on the value of the interest transferred.

7.4.7 If Franchisor exercises its Right of First Refusal, the transferor shall transfer the interest to Franchisor or to Franchisor's assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, Franchisor may supply those terms in the purchase agreement and related documents.

7.4.8 If Franchisor or its assignee fails to exercise the option to purchase the interest sought to be transferred, Franchisor shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of its approval or disapproval of the prospective transferee.

7.5 A transfer to a "Controlled Entity" will not trigger the Right of First Refusal. A "Controlled Entity" is an entity in which the transferor(s) is/are the beneficial owner(s) of one hundred percent (100%) of each class of voting ownership interest in the Area Developer entity. At the time of the desired transfer of interest to a Controlled Entity, the transferor must notify Franchisor in writing of the name of the Controlled Entity. Franchisor only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to Franchisor in a form which Franchisor prescribes. Franchisor does not charge a transfer fee for this change.

7.6 A transfer of interest among the owners of an Area Developer entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, the transferor must notify Franchisor in writing of the name and address of each officer, director shareholder, member, partner or

similar owner of an interest and their respective ownership interest before and after the transfer. Franchisor does not charge a transfer fee for this transfer.

7.7 If Franchisor does not exercise its Right of First Refusal, the transferor may transfer this Area Development Agreement or ownership interest herein according to the terms set forth in the notice, provided that Area Developer and the transferor satisfy the conditions in Sections 7.8 through 7.13 below and complete the sale within ninety (90) days from the day on which Franchisor receives the notice. If Area Developer does not conclude the proposed transfer within the ninety (90)-day period, the Right of First Refusal granted to Franchisor hereunder shall continue in full force and effect.

7.8 The proposed transferee(s) must complete Franchisor's then current British Swim School franchise application and pass Franchisor's application screening using Franchisor's then current qualifications, which need not be written.

7.9 The proposed transferee(s) must sign the then current British Swim School amendment forms and/or franchise agreement, as required by Franchisor, and must personally assume and be bound by all of the terms, covenants and conditions therein.

7.10 The proposed transferee(s) must attend and successfully complete Franchisor's Operations Training.

7.11 The transferor must sign Franchisor's then current transfer and release forms.

7.12 All materials required for any offer or sale of securities of Area Developer (or any entity that owns or is affiliated with Area Developer) by federal or state law shall be submitted to Franchisor for review, approval, and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No Area Developer offering shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer or offer or of Area Developer's or Franchisor's securities; and Franchisor's review and approval of any offering shall be limited solely to the subject of the relationship between Area Developer and Franchisor and shall not, in any manner be deemed a review or approval of the substantive nature or legality of any such security offering or sale. Area Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Area Developer shall pay Franchisor a non-refundable fee of Fifteen Thousand Dollars ($15,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.12. Any such offering shall be subject to Franchisor's Right of First Refusal, as set forth in Section 7.4 hereof.

7.13 Franchisor's consent to a transfer of any interest in this Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor may disapprove any transfer which may constitute a subdivision of the Territory or the granting of subfranchises.

8. COVENANTS

8.1 Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, a principal of Area Developer approved by Franchisor) shall devote sufficient time, energy and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and confidential information, including, without limitation, a manual and other information regarding the site selection, operational, sales, promotional and marketing methods and techniques of Franchisor and the System, and that Area Developer has the exclusive right and obligation to develop the Development Area. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

8.2.1 Divert or attempt to divert any business or customer of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System; and/or

8.3 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which is the same as or similar to the business contemplated hereunder which is located in whole or in part within the Development Area, other than those Franchised Businesses provided for in the Development Schedule; and shall not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 7, above; (b) the expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.3; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which develops, finances or offers swimming and water survival instruction services and which business is, or is intended to be, conducted within the Development Area or within a fifteen (15)-mile radius of the territory of any other franchisee then using the System or any of our affiliate-owned businesses.

8.4 Section 8.3 hereof shall not apply to ownership by Area Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities and Exchange Act of 1934.

8.5 At Franchisor's request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons: (1) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer, and of any corporation directly or indirectly controlling Area Developer, if Area Developer is a corporation or other entity; and (2) the general partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Area Developer is a partnership. Every covenant required by this Section 8.5 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 8.5 shall constitute a default under Section 6.3 hereof.

8.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 8, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees and expert fees) incurred by Franchisor in connection with the enforcement of this Section 8, and any of Franchisor's other rights under this Agreement.

8.9 Area Developer acknowledges that Area Developer's violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Area Developer in violation of the terms of this Section 8.

9. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our CEO at our National Headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452. Telephone: (757) 215-4253. Facsimile: (757) 494-4505.

Any such notice may also be given to you in the same manner or by electronic mail at the address indicated below the Area Developer's signature on this Agreement. Either party may change the address at which it shall receive notices by sending a notice to the other party as provided in this section.

10. PERMITS AND COMPLIANCE WITH LAWS

10.1 Area Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Business established pursuant to this Agreement.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Area Developer is an independent contractor. Area Developer is not Franchisor's agent, partner, employee or a participant in a joint venture and has no authority to hold itself out as such to third parties. Area Developer does not have any authority to bind or obligate Franchisor. Franchisor is not and shall not be liable for any act, omission, debt or other obligation of Area Developer.

11.2 Area Developer is responsible for all loss or damage and for all contractual liability to third parties arising out of or incurred in connection with the operation of the Area Developer's business and for all claims or demands for damage directly or indirectly related thereto. Area Developer agrees to defend, indemnify and hold harmless Franchisor and its employees of and from and with respect to any such claim, loss or damage.

12. APPROVALS AND WAIVERS

12.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefore, and such approval or consent must be obtained in writing. A request for approval shall be deemed denied unless or until Franchisor grants its written approval.

12.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer, by providing any waiver, approval, consent, or suggestion to Area Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12.3 No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Area Developer, or as to subsequent breach or default by Area Developer. Subsequent acceptance by Franchisor of any payments due

to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, provisions, covenants, or conditions of this Agreement.

13. ENTIRE AGREEMENT AND AMENDMENT

13.1 This Agreement is the entire agreement between Area Developer and Franchisor. This Agreement supersedes all other prior oral and written agreements and understandings between Area Developer and Franchisor with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.2 No modifications to this Agreement shall have any effect unless such modification is in writing and signed by Area Developer and by Franchisor's authorized officer.

14. RELEASE OF PRIOR CLAIMS

By executing this Agreement, the undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Franchisor, its past and present employees, agents, officers and directors, including Franchisor's parent, subsidiary and affiliated corporations, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any Area Development Agreement, Franchise Agreement or other agreement or relationship, between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to Franchisor's renewal obligations, as contained in any prior or other area development agreement.

15. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

16. APPLICABLE LAW

16.1 Virginia Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 8 of this Agreement would not be enforceable under the laws of Virginia, and Area Developer is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Area Developer's principal place of business is located. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

16.2 Jurisdiction and Venue. In any suit brought by Franchisor or Area Developer, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, Area Developer consents to venue and personal jurisdiction in the state and federal court having jurisdiction over matters

wholly arising within the city or county in which our national office is located, presently Virginia Beach, Virginia.

16.3 Jury Waiver. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Area Developer and Franchisor agree to waive Area Developer's and Franchisor's rights to a jury trial, and instead have such action tried by a judge.

16.4 Class Action Waiver. Area Developer agrees that any claim it may have against Franchisor, including Franchisor's past and present affiliates, officers, directors, employees and agents, must be brought individually and Area Developer shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against Franchisor.

16.5 Compensatory Damages. In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former affiliates, officers, directors, agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages.

17. GUARANTY

The Area Developer, and if it is an entity, all its officers, directors, partners and members, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, and to pay any other debts due Franchisor. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due Franchisor, and the duty to comply with the transfer procedures and covenants set forth in Sections 7 and 8. The Guarantors waive presentment, demand or notice of non-performance and the right to require Franchisor to proceed against the other Guarantors.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written.

BRITISH SWIM SCHOOL FRANCHISING, LLC

FRANCHISOR:

By:_____

Name: Ashley Gundlach

Title: President

Notices to Franchisor:
BRITISH SWIM SCHOOL FRANCHISING, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452

Notices to Area Developer:
_____
_____
_____
Attention: _____
Fax:_____

_____

AREA DEVELOPER:

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

BRITISH SWIM SCHOOL
AREA DEVELOPMENT AGREEMENT

EXHIBIT A

DEVELOPMENT SCHEDULE

1. Each Franchised Business developed under this Area Development Agreement shall be located in the following area (the "Development Area", as more specifically described in Section 1.1 of this Agreement):

2. Recognizing that time is of the essence, Area Developer agrees to satisfy the development schedule set forth below:

By Date:	**Cumulative Total Number of Franchised Businesses Which Area Developer Shall Have Opened and in Operation:**

INITIALED:

FRANCHISOR: ___ AREA DEVELOPER: ___

BRITISH SWIM SCHOOL
AREA DEVELOPMENT AGREEMENT

EXHIBIT B

GUARANTY

As an inducement to BRITISH SWIM SCHOOL FRANCHISING, LLC (the "Franchisor", "British Swim School") to execute the British Swim School Area Development Agreement between Franchisor and _____ ("Area Developer") dated _____, 20_____ (the "Agreement"), the undersigned hereby agree to defend, indemnify and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, expert fees, reasonable costs of investigation, court costs, and expenses) resulting from, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for obligations hereunder existing at the time of death; the obligations of the other guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 8 of the Agreement. This Guaranty shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTOR(S)

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

BRITISH SWIM SCHOOL
AREA DEVELOPMENT AGREEMENT

EXHIBIT C

FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Franchisor is attached.

AREA DEVELOPMENT AGREEMENT
STATE SPECIFIC AMENDMENTS

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF CALIFORNIA

This Addendum to the Area Development Agreement is entered to this _____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Area Development Agreement shall be amended as follows:

a. Section 7.11 of the Area Development Agreement requires Franchisee to sign a general release as a condition of transfer of the area development rights. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

b. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

c. Section 8.3 of the Area Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Area Development Agreement; this covenant may not be enforceable under California law.

d. Section 16.1 of the Area Development Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

e. Section 16.2 of the Area Development Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement may not be enforceable under California law.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be

deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF ILLINOIS

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Area Development Agreement shall be amended as follows:

a. Section 6 of the Area Development Agreement shall be amended to add:

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

b. Section 16.1 of the Area Development Agreement shall be amended to add:

Illinois law governs the Area Development Agreement.

c. Section 16.2 of the Area Development Agreement shall be amended to add:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Unless expressly amended by this Addendum, all other terms of the Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF INDIANA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Area Development Agreement shall be amended as follows:

a. Section 14 of the Area Development Agreement does not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. Section 16.1 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF IOWA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Iowa Business Opportunity Promotions Law, Iowa Code Ch. 551A, the Area Development Agreement shall be amended as follows:

a. Section 7.11 of the Area Development Agreement requires Franchisee to sign a general release as a condition of renewal and transfer of the franchise. Under Iowa Code Ch. 551A, any provision that prospectively requires a franchisee to assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Code Ch. 551A is void to the extent that such provision violates such law.

b. The following language will be added to the Area Development Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Iowa Business Opportunity Promotions Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF MARYLAND

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Area Development Agreement shall be amended as follows:

a. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

b. Section 7.11 requires Area Developer to sign a general release as a condition of sale and/or transfer of the area development rights; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

c. Section 16.1 of the Area Development Agreement states that the laws of the Commonwealth of Virginia govern; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

d. An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

e. Sections 14 of the Area Development Agreement requires the Area Developer to disclaim the occurrence and/or non-occurrence of certain acts; such disclaimers are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

f. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller,

or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other provisions of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF MINNESOTA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise said Area Development Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Area Development Agreement agree as follows:

a. Sections 4 and 6 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that an Area Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

b. Section 14 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits an area developer from requiring a franchisee to assent to a general release.

c. Section 16.1 shall be amended to add that Franchisor shall not in any way abrogate or reduce Area Developer's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

d. In addition, Section 16.1 shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

e. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of Area Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Developer's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF NEW YORK

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Area Development Agreement is amended as follows:

a. Under Section 7.1, we will not transfer and assign our rights and obligations under the Area Development Agreement unless the transferee will be able to perform our obligations under the Area Development Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

b. Section 7.11 requires you to sign a general release as a condition to transfer of the area development rights; the release excludes claims arising under the General Business Laws of the State of New York.

c. Section 16.1 of the Area Development Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Area Developer by Article 33 of the General Business Laws.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Area Development Agreement shall be amended as follows:

(a) Section 2.1 of the Area Development Agreement is amended to add: "Notwithstanding the foregoing, the North Dakota Securities Division requires us to defer payment of the development fee associated with a particular Franchised Business to be opened, the initial franchise fee and other initial payments with respect to a particular Franchised Business owed by Area Developer to Franchisor until Franchisor has completed its pre-opening obligations with respect to such Franchised Business and such Franchised Business has commenced operations.

(b) Section 8.3 of the Area Development Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(c) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by North Dakota law.

(d) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(e) Section 16.3 of the Area Development Agreement regarding waiver of jury trial is deleted in its entirety.

(f) Section 16.5 of the Area Development Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller,

or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF OHIO

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Area Development Agreement as follows:

1. The following language will be added to the front page of the Area Development Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction. Franchisee:

Date: _____

By: _____
Print Name: _____
Its:_____

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Ohio Business Opportunity Purchasers Protection Act applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF RHODE ISLAND

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Area Development Agreement shall be amended as follows:

(a) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by Rhode Island law.

(b) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Area Development Agreement shall be amended as follows:

a. Section 6.3 states that the Franchisor may terminate the Area Development Agreement if the Area Developer commits a default under any franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF WASHINGTON

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the State of Washington Franchise Investment Protection Act (the "Act"), the Franchise Agreement for British Swim School Franchising, LLC shall be amended as follows:

(a) Section 12.C. of the Franchise Agreement is amended to add:

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

(b) Section 17.F. of the Franchise Agreement is amended to add:

In the event of any conflict of laws, the provisions of the Act will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. A release or waiver of rights executed by Franchisee may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

4. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise

Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Franchise Investment Protection Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

9. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BRITISH SWIM SCHOOL FRANCHISING, LLC

FOR THE STATE OF WISCONSIN

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **BRITISH SWIM SCHOOL FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Area Development Agreement.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

EXHIBIT C

FINANCIAL STATEMENTS

1. Audited financial statements as of December 31, 2022, for the period from January 1 through December 31, 2020, 2021 and 2022.

BRITISH SWIM SCHOOL FRANCHISING, LLC

FINANCIAL REPORT

December 31, 2022 and 2021

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance sheets	3 - 4
Statements of operations	5
Statements of changes in members' (deficit) equity	6
Statements of cash flows	7
Notes to financial statements	8 - 13

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
BSS Acquisition Holdings, LLC, sole member of **British Swim School Franchising, LLC**
Virginia Beach, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **British Swim School Franchising, LLC**, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in member's (deficit) equity, and cash flows for the years ended December 31, 2022, 2021, and 2020, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **British Swim School Franchising, LLC** as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021, and 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of **British Swim School Franchising, LLC** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **British Swim School Franchising, LLC**'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

CONFIDENCE | COLLABORATION | COMMITMENT
P: 757.625.4700 F: 757.625.0527 www.wec.cpa
150 West Main Street, Suite 1200 Norfolk, Virginia 23510
Independently Owned Member of CPAmerica International
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **British Swim School Franchising, LLC's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **British Swim School Franchising, LLC's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Information Included in the Franchise Disclosure Document

Management is responsible for the other information included in the Franchise Disclosure Document. The other information comprises Items 1 – 20, 22 – 23, and exhibits included in the Franchise Disclosure Document, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Norfolk, Virginia
March 15, 2023

Ward, Einhard Chenitz, P.C.

BRITISH SWIM SCHOOL FRANCHISING, LLC

BALANCE SHEETS

December 31, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 123,090	$ 349,051
Restricted	15,745	185,574
Accounts receivable, net	769,116	572,207
Prepaid expenses	42,352	7,585
Contract assets, current portion	94,020	43,270
Due from related parties	-	29,772
Total current assets	1,044,323	1,187,459
PROPERTY AND EQUIPMENT		
Computers	6,565	6,565
Furniture and equipment	7,977	7,977
	14,542	14,542
Less accumulated depreciation	8,295	5,774
Net property and equipment	6,247	8,768
OTHER ASSETS		
Website development costs, net of accumulated amortization 2022 $31,964; 2021 $20,483	25,441	36,922
Contract assets, net of current portion	1,207,288	417,370
Total other assets	1,232,729	454,292
Total assets	$ 2,283,299	$ 1,650,519

See Independent Auditor's Report and Notes to Financial Statements.

BRITISH SWIM SCHOOL FRANCHISING, LLC

BALANCE SHEETS (CONTINUED)

December 31, 2022 and 2021

LIABILITIES AND MEMBER'S (DEFICIT) EQUITY	2022	2021
CURRENT LIABILITIES		
Accounts payable	$ 502,723	$ 203,226
Accrued expenses	175,224	93,927
Deferred revenue	23,967	198,074
Due to related parties	204,617	66,154
Contract liabilities, current portion	154,300	78,500
Total current liabilities	1,060,831	639,881
LONG-TERM LIABILITIES		
Contract liabilities, net of current portion	2,022,242	806,983
MEMBER'S (DEFICIT) EQUITY	(799,774)	203,655
Total liabilities and member's (deficit) equity	$ 2,283,299	$ 1,650,519

See Independent Auditor's Report and Notes to Financial Statements.

BRITISH SWIM SCHOOL FRANCHISING, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenues:			
Cumulative franchise fees, net of discounts	$ 234,342	$ 103,467	$ 23,071
Royalty, marketing, and service fees	6,522,155	3,750,348	1,413,753
Total revenue	6,756,497	3,853,815	1,436,824
Cost of revenues:			
Service fees	284,142	191,792	188,609
Operating expenses:			
Selling and marketing	1,558,387	804,534	425,811
General and administrative	4,145,246	2,348,793	1,508,474
Depreciation and amortization	14,002	13,627	9,666
Total operating expenses	5,717,635	3,166,954	1,943,951
Net income (loss) from operations	754,720	495,069	(695,736)
Other income:			
Employee retention credit income	66,705	-	-
Other income	64,211	35,693	6,259
Gain on forgiveness of Paycheck Protection Program note payable	-	115,600	-
Total other income	130,916	151,293	6,259
Net income (loss)	$ 885,636	$ 646,362	$ (689,477)

See Independent Auditor's Report and Notes to Financial Statements.

BRITISH SWIM SCHOOL FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT) EQUITY

Years ended December 31, 2022, 2021, and 2020

Balance, January 1, 2020	$	900,496
Contributions, net		486,274
Net loss		(689,477)
Balance, December 31, 2020		697,293
Distributions, net		(1,140,000)
Net income		646,362
Balance, December 31, 2021		203,655
Distributions, net		**(1,889,065)**
Net income		**885,636**
Balance, December 31, 2022	$	**(799,774)**

See Independent Auditor's Report and Notes to Financial Statements.

BRITISH SWIM SCHOOL FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 885,636	$ 646,362	$ (689,477)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Forgiveness of Paycheck Protection Program note payable	-	(115,600)	-
Depreciation and amortization	14,002	13,627	9,666
Provision for allowance for doubtful accounts	-	(10,000)	20,000
(Increase) decrease in assets:			
Accounts receivable	(196,909)	(364,605)	256,884
Prepaid expenses	(34,767)	(5,731)	21,165
Contract assets	(840,668)	(318,763)	(22,880)
Notes receivable	-	201,406	(201,406)
Deposits	-	-	6,682
Increase (decrease) in liabilities:			
Accounts payable	299,497	161,099	(189,702)
Accrued expenses	81,297	91,927	(49,005)
Deferred revenue	(174,107)	185,795	12,090
Contract liabilities	1,291,059	520,033	186,929
Net cash provided by (used in) operating activities	1,325,040	1,005,550	(639,054)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in website development	-	(7,500)	(32,025)
Purchases of property and equipment	-	-	(2,794)
Decrease in note receivable, related party	-	-	7,000
Net cash used in investing activities	-	(7,500)	(27,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments from (advances to) related parties, net	168,235	(227,585)	230,603
(Distributions) contributions, net	(1,889,065)	(1,140,000)	486,274
Proceeds from issuance of Paycheck Protection Program note payable	-	-	115,600
Net cash (used in) provided by financing activities	(1,720,830)	(1,367,585)	832,477
Net (decrease) increase in cash, cash equivalents, and restricted cash	(395,790)	(369,535)	165,604
Cash, cash equivalents, and restricted cash beginning	534,625	904,160	738,556
Cash, cash equivalents, and restricted cash ending	$ 138,835	$ 534,625	$ 904,160

See Independent Auditor's Report and Notes to Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

British Swim School Franchising, LLC (the Company), is a Delaware limited liability company formed on March 21, 2019, and is a wholly owned subsidiary of BSS Acquisition Holdings, LLC (the Parent). The Parent was owned by Buzz Franchise Brands, LLC (BFB) (84%) and HCG Holdings, LLC (15.3%) and had authorized incentive units of 0.7%. During the year ended December 31, 2022, Buzz Franchise Brands purchased the remaining interest in the Parent as well as the outstanding incentive units. The Company is headquartered in Virginia Beach, Virginia, and was established to manage the franchising activities of the "British Swim School" brand, a brand operating in the swimming lessons industry. During 2019, the Company began selling franchise licenses to franchisees throughout the United States of America.

A summary of the Company's significant accounting policies follows:

Basis of accounting:

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents:

The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, to be cash equivalents. Restricted cash is limited in use for brand development fee expenditures (see "Advertising expenses" section of Note 1).

Accounts receivable:

Accounts receivable include trade receivables and are non-interest bearing. Trade accounts receivable consist of amounts due to the Company from franchisees and are stated at amounts management expects to collect from balances outstanding at year end. Trade accounts receivable are considered past due when payments are not received in accordance with contractual terms stated on billing invoices. Management periodically reviews trade accounts receivable to evaluate collectability. When an account is considered to be uncollectible, the account is charged off to current operations through an allowance. Recoveries of receivables previously written off are recorded as income when received. Management has determined that an allowance of $10,000 is necessary at December 31, 2022 and 2021, and $20,000 was necessary at December 31, 2020. No allowance was considered necessary at January 1, 2020. At December 31, 2022, 2021, 2020, and January 1, 2020, accounts receivable totaled $779,116, $582,207, $217,602, and $474,486, respectively.

Property and equipment:

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized per the Company's capitalization policy. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Computers	5
Furniture and equipment	5

Depreciation expense of $2,521, $2,521 and $2,196 was recorded for the years ended December 31, 2022, 2021, and 2020.

See Independent Auditor's Report. Notes continued on next page.

Note 1. Nature of Business and Significant Accounting Policies (continued)

Impairment of long-lived assets:

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Intangible assets:

Intangible assets are recorded at cost, less accumulated amortization, and are comprised of website development costs. Website development costs are amortized over five years, the estimated useful life, using the straight-line method and are tested for impairment when, based on future cash flows and profitability of the Company, there are factors indicating that the asset may be impaired. Amortization expense was $11,481, $11,106, and $7,470 for the years ended December 31, 2022, 2021, and 2020, respectively. Amortization expense for each of the next 4 years is estimated to be $11,481, $9,574, $4,011, and $375.

Revenue recognition:

Revenues are derived from franchise agreements and consist of franchise fees and area development fees and royalty, service and marketing fees. Management has identified all the following services as one performance obligation in connection with the Company's franchise agreements: start-up package, franchise name and brand usage, training, and operational assistance unique to the British Swim School Franchising brand, marketing and advertising services, an integrated business management system and credit card processing, and technical support.

Franchise fee revenues, which includes initial franchise fees as well as area development fees, are satisfied over time and are recognized by the Company over the term of the franchise agreement, net of discounts given. Fees billed or received in advance of completing all material services or conditions are reported as a contract liability until those services and conditions have been satisfied. Franchise fees and area development fees recognized during the years ended December 31, 2022, 2021, and 2020 totaled $234,342, $103,467 and $23,071, respectively.

The Company has royalty, service and marketing fee agreements with its existing franchisees whereby it receives a percentage of its franchisees' sales. Royalty, service and marketing fee revenues are recognized monthly based on the percentage of the related sales recorded by the franchisees for the month (see Note 2). Royalty and service fees were $5,359,164, $3,330,505, and $1,224,605 during the years ended December 31, 2022, 2021, and 2020, respectively, and marketing fees were $1,162,991, $419,843 and $189,148 during the years ended December 31, 2022, 2021, and 2020, respectively.

The Company has contracts with certain fitness clubs throughout the U.S. to provide swimming lessons to the customers of franchisees whereby it receives fees from the franchisees based on a calculation as defined in the contracts and remits those fees to the fitness clubs (see Note 3).

See Independent Auditor's Report. Notes continued on next page.

Note 1. Nature of Business and Significant Accounting Policies (continued)

Revenue recognition (continued):

Contract assets and contract liabilities include deferred broker fees and deferred franchise and area development fees, respectively, that are recognized over the term of the corresponding franchise agreement.

A summary of contract assets and liabilities are as follows at December 31:

	2022	2021	2020	2019
Contract assets, current portion	$ 94,020	$ 43,270	$ 12,120	$ 8,120
Contract assets, net of current portion	1,207,288	417,370	129,757	110,877
Total contract assets	$ 1,301,308	$ 460,640	$ 141,877	$ 118,997
Contract liabilities, current portion	$ 154,300	$ 78,500	$ 30,979	$ 13,550
Contract liabilities, net of current portion	2,022,242	806,983	334,471	164,971
Total contract liabilities	$ 2,176,542	$ 885,483	$ 365,450	$ 178,521

The Company does not have any significant financing components as payment is received at or shortly after fees are billed.

The Company is a member of the International Franchise Associations' VetFran program, which provides veterans of the U.S. Armed Forces a 20% discount on the initial franchise fee for the first British Swim School franchise purchased. The Company has also established a Community Heroes program, which provides law enforcement, firefighters and other public servants with a 20% discount on the initial franchise fee for the first British Swim School franchise purchased.. Franchise fee revenue is recorded net of the discount over the term of the franchise agreement.

Advertising expenses:

The Company incurs two types of advertising expenditures: marketing and brand development expenses. Marketing expenses are paid to advertise the brand to potential franchisees and are expensed as incurred. Marketing expenses totaled $191,666, $165,117 and $152,971 during the years ended December 31, 2022, 2021, and 2020, respectively, and are included in selling and marketing expenses in the accompanying statements of operations. Brand development expenses are paid to advertise the brand to potential customers of existing franchisees and are expensed as incurred using funds provided by the franchisees (see Note 2). Brand development expenses totaled $1,162,991, $419,843 and $224,192 during the years ended December 31, 2022, 2021, and 2020, respectively, and are included in selling and marketing expenses in the accompanying statements of operations.

Income taxes:

The Company is a disregarded entity for income tax purposes and its activity is included on the Parent's tax return. As a limited liability company, the Parent's taxable income or loss is allocated to its members in accordance with the Amended and Restated Operating Agreement. Therefore, no provision or liability for income taxes has been included in these financial statements.

Under the provisions of the pronouncement for "Accounting for Uncertainty in Income Taxes," if there are uncertain and potentially material tax positions identified, the resulting estimated liability, including any related interest and penalties, will be recorded as miscellaneous expenses.

See Independent Auditor's Report. Notes continued on next page.

Note 1. Nature of Business and Significant Accounting Policies (continued)

Income taxes (continued):

The Company pays fees for services received by a related party based in Canada (see Note 6) under transfer pricing terms that are comparable with fees from non-related parties. Management believes that any adjustments to its transfer pricing would not result in a significant change in the Company's financial position and therefore would not give rise to any material unrecognized tax liability or benefit.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Franchising Activities

Historically, the Company has generated revenues from franchising through individual franchise and area development agreements between the Company and franchisees. During the year ended December 31, 2022, the terms of these agreements were combined into cumulative franchise fee agreements. In general, the Company's cumulative franchise agreements provide for the development of a specified number of franchises within a defined geographic territory in accordance with a schedule of opening dates. Development schedules generally cover up to three years and typically have benchmarks for the number of franchises to be opened and in operation at 12-month intervals. The cumulative franchise agreements also provide for a payment of a nonrefundable franchise fee which ranges from $39,500 to $79,500 depending on the quantity of opened franchise and generally require the franchisees to pay the Company a royalty and service fee equal to 10% of net sales and a brand development fee equal to 2% of net sales.

The Company began selling franchise licenses during 2019. Below is a summary of the number and types of agreements entered into and the related number of territories sold during the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Franchise agreements	**33**	19	5
Area development agreements	**13**	8	3
Territories sold	**49**	34	9
Territories closed/repurchased	**(10)**	(2)	(9)
Cumulative territories sold	**191**	152	120

Below is a summary of operating franchises as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
Franchises operating, beginning of period	**104**	99	98
Franchises opened under current agreements	**14**	4	2
Franchises opened under prior agreements	**3**	3	3
Franchises closed	**(3)**	(2)	(4)
Total operating franchises, end of period	**118**	104	99

See Independent Auditor's Report. Notes continued on next page.

Note 2. Franchising Activities (continued)

At December 31, 2022, there were nineteen franchises scheduled to open during 2023 related to agreements signed as of December 31, 2022. These franchises and the others sold but unopened have yet to begin operations as of December 31, 2022 because they relate either to the scheduled openings per an area development agreement or individual franchise agreements entered into after the Company's primary operating season.

The Company did not own or operate any franchise locations as of December 31, 2022, 2021, and 2020.

Note 3. Fitness Club Fees

In its agency capacity, the Company has contracts with certain fitness clubs throughout the U.S. to provide swimming lessons to the customers of the franchisees that expire at various times beginning August 2025. Certain contracts dictate that monthly fees are to be collected based on a percentage of franchisee swimming lesson revenues that range from 17.5% to 25% of gross swimming lesson revenues while others are collected based on the lesser of a base amount or a percentage of franchisee swimming lesson revenues that range from 17.5% to 22.5% of swimming lesson revenues. The base amounts are either $1,250 or $2,500 depending on the contract. Upon collection of fees by the Company, the Company submits the fees directly to the fitness clubs. The Company does not charge any fees in addition to amounts collected, and amounts collected are reported net of expenses in accordance with accounting principles generally accepted in the United States of America. During the years ended December 31, 2022, 2021, and 2020, collections of fitness club fees totaled $3,548,707, $1,524,487 and $484,060, respectively. As of December 31, 2022 and 2021, fees totaling $292,653 and $160,018, respectively, had yet to be collected and are included in accounts receivable on the accompanying balance sheets. As of December 31, 2022 and 2021, the Company had not remitted payments of $292,653 and $160,018, respectively, to the fitness clubs for fees collected from franchisees which is included in accounts payable on the accompanying balance sheets.

Note 4. Paycheck Protection Note Payable

During April 2020, the Company received an SBA (7a) Paycheck Protection Program (PPP) loan pursuant to the Coronavirus Aid, Relief, and Economic Security Acts (CARES Act) administered by the U.S. Small Business Administration (SBA). The PPP loan provided for a $115,600 unsecured promissory note. Pursuant to the terms of the CARES Act and PPP regulations, the entire PPP loan was forgiven during the year ended December 31, 2021. Gain on forgiveness of the PPP loan in the amount of $115,600 is included in the accompanying statements of operations for the year ended December 31, 2021.

Note 5. Operating Lease

The Company had a non-cancellable lease for office space with an unrelated party that was set to expire in December 2021. During the year ended December 31, 2020, the Company terminated the lease agreement and incurred an early termination fee of $43,005 and forfeited its security deposit of $6,682. Rent expense attributable to this lease was $13,946 during the year ended December 31, 2020.

Note 6. Related Party Transactions

BFB provides certain management, administrative and support services to the Company. In 2019, the Company and BFB entered into a shared services agreement to formalize the allocation of these costs from BFB to the Company. The allocation covers indirect costs such as corporate salaries and incentives, rent, and utilities that may be allocated with a reasonable mark-up. These allocations are based on management's estimates and may not reflect the operations of the Company if it were to operate on a standalone basis. Management may determine that the allocation of certain expenses may not be necessary for a given period. The determination is subject to change as operations of the Company improve or decline. At December 31, 2022 and 2021, the Company owed BFB $22,374 and $66,154, respectively, which is included in due to related parties on the accompanying balance sheets. During the years ended December 31, 2022, 2021, and 2020, $2,076,878, $1,174,816, and $581,756, respectively, in shared service costs, included in general and administrative expenses in the accompanying statements of operations, was allocated to the Company.

See Independent Auditor's Report. Notes continued on next page.

Note 6. Related Party Transactions (continued)

In 2021, the Company entered into an additional shared services agreement with a related party based in Canada whereby it receives certain administrative and support services from the related party. The Company is charged a monthly fee of $22,000 as required by the agreement. During the years ended December 31, 2022 and 2021, the Company paid $264,000 in shared services costs, included in general and administrative expenses in the accompanying statement of operations, to the related party. At December 21, 2022, $182,243 was due to the related party for underpayment of these shared services costs which is included in due to related parties on the accompanying balance sheet. At December 31, 2021, $5,272 was due from the related party for overpayment of these shared services costs which is included in due from related parties on the accompanying balance sheet.

During 2019, the Company assigned its rights and title to various trademarks and service marks to an affiliate. The parties then entered into a licensing agreement whereby the Company pays a license fee, ranging from 15% to 35% of the Company's revenue, as defined in the agreement, for the right to license the trademarks and service marks to its franchisees. However, during the years ended December 31, 2022, 2021, and 2020, the affiliate waived the license fee due under the licensing agreement.

The Company regularly advances funds to related parties. At December 31, 2021, $24,500 was due from the related parties on the accompanying balance sheet. No amounts are due from related parties at December 31, 2022.

Note 7. Concentrations of Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments. The Company places its cash investments with high quality financial institutions where the Federal Deposit Insurance Corporation insures the first $250,000 of cash at each qualifying institution. As of December 31, 2022, the Company had no amounts in excess of this limit.

Note 8. Risks and Uncertainties

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. The pandemic remains ongoing and multiple variants have been identified that continue to create uncertainty within the Company's industry as a whole. As of the date the financial statements were available to be issued, the Company's operations have not been significantly impacted by the COVID-19 outbreak. At this time, the Company cannot reasonably estimate the specific extent, duration, or full impact that the COVID-19 pandemic will have on its financial condition, collections, and operations.

Note 9. Employee Retention Credit Income

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted. The CARES Act, among other things, provides an employee retention credit (ERC), which is a refundable credit against certain employment taxes of up to $5,000 per employee for eligible employers during the period from March 13, 2020 through December 31, 2020, and $7,000 per employee per calendar quarter for the period from January 1, 2021 through September 30, 2021. During 2021, the Company completed its ERC calculation and submitted the necessary documentation to claim a $66,705 credit. The Company considered the completion of its ERC calculation and related filing of forms as significant administrative barriers to revenue recognition and did not recognize any revenue during the year ended December 31, 2021. However, the Company received and recognized $66,705 of ERC on the statement of operations during the year ended December 31, 2022. No amounts remain due to the Company as of December 31, 2022.

Note 10. Subsequent Events

The Company has evaluated subsequent events through March 15, 2023, the date which the financial statements were available to be issued.

EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF FRANCHISEES

Current Franchisees as of December 31, 2022

Denotes franchisee with additional unopened territories under Area Development Agreement

Owner Name (# of Units Open)	Entity Name	Address	City	State	Zip	Phone
Arizona						
Dejan Simurdic (3)	Deki, LLC	1196 S Fern Court	Gilbert	AZ	85296	602-738-0036
California						
Adeyinka and Cheronda Adeyamo (1)	Basileias Enterprises Corp.	550 Tregaskia Ave.	Vallejo	CA	94591	707-553-3384
Shawna Gibson (1)	SLG Swim, LLC	220 Castilian Way	San Mateo	CA	94402	650-303-6369
Dough Kraus & Arlene Faalnik* (1)	DNA Care inc.	1137 N Everett, CA	Glendale	CA	91207	951-505-7790
Ignacio Pinilla (2)	Camuri Corporation	1003 Jones Street	Berkeley	CA	94710	925-490-2327
Pamela Resser (2)	P&S Aquatics, LLC	2313 Ticonderoga Drive	San Mateo	CA	94402	415-297-7654
Cleate Rose (1)	Nobu	16850 Via Lunado	Moreno Valley	CA	92551	951-616-9155
Colorado						
Jill and Scott Douglas* (1)	Douglas Pro Services LLC	18675 Lower Lake Rd.	Monument	CO	80132	919-608-9712
Nikki Taylor (1)	Tres Trifecta Corp.	6654 Drew Ranch Lane	Boulder	CO	80301	303-550-4929
Florida						
Howard Berkowitz (2)	Butterfly Fish, LLC	15538 Whispering Willow Road	Wellington	FL	33414	561-902-7555
Howard Berkowitz (2)	Just Jack of Wellington, Inc.	15538 Whispering Willow Road	Wellington	FL	33414	561-902-7555
Mike Druta* (1)	Advanced Aquatics, LLC	3100 W Paul Ave.	Tampa	FL	33611	813-362-6173
Emma Francis (1)	British Swim School Spacecoast LLC	4760 Elena Way	Melbourne	FL	32934	321-338-0116
Martin Goldberg (2)	Park Swim, Intl.	2086 N. University Drive	Sunrise	FL	33322	917-549-2437
Olivia Hirtzmann (4)	Manojoli Swim School	2812 S.W. 38th St.	Miami	FL	33134	305-833-6734
David Johnson* (1)	BSS Pinnellas, LLC	14894 63rd Street North	Clearwater	FL	33760	347-244-6289
Kelly Martinez & Howard Berkowitz (1)	Grace Swimming, Inc.	15538 Whispering Drive	Wellington	FL	33825	561-379-7968
Karese Cain & Maybelline Marquez (1)	CY Aquatics, LLC	2640 Hollywood Blvd	Hollywood	FL	33020	954-224-6166 & 954-417-7911
Cassie Prochilo (1)	Magic City Swim School	6861 SW 196th Ave., Suite #405	Pembroke Pines	FL	33332	954-593-2509
Jenifer & Eli Rivera (1)	That's Swimming	7301 NW 11th Pl.	Plantation	FL	33312	954-661-1812
Isabel Sanchez (1)	Active Aquatics, LLC	13503 Granger Ave.	Orlando	FL	32827	813-428-4694
Georgia						
Jeff Chadwick (2)	BSS Atlanta	5810 Kayron Dr.	Sandy Springs	GA	30328	404-680-4793
Scott Henrichsen (1)	Sport Driven, LLC	3153 Perimeter Circle	Buford	GA	30519	770-713-9814
Christina Lachenmeyer (2)	Weavermeyer, LLC	5109 Willow Point Pkwy.	Marietta	GA	30068	404-388-7148

Owner Name (# of Units Open)	Entity Name	Address	City	State	Zip	Phone
Juliet Ngwuli-Awuzie (1)	Diamond Swim School, LLC	4870 Ferncrest Place	Douglasville	GA	30135	678-270-7739
Atik Shah (1)	Savi Aquatics	615 Cricklewood Drive	Suwanee	GA	30024	404-500-6367
Illinois						
Heemin Cho (2)	SoChi Swim Club, Little Angels Swim Club	473 Nuthatch Way	Lindenhurst	IL	60046	847-877-4601
Monika Allabaugh (4)	Motyl Corp and Triangle Swim School	2852 Spruce Ct.	Geneva	IL	60134	773-960-6838
Angelica Monroy (2)	Dobbs Aquatics Company and Sakana Swim School, LLC	140 W. Saint Charles Rd. Suite D	Villa Park	IL	60181	630-833-8145
Indiana						
Katie & Greg Blair* (2)	KDGB Enterprise 1, LLC	9866 Cumberland Rd.	Fishers	IN	46037	805-234-7876
Maryland						
Bonnie Alcid (5 – 3 in VA)	NTR Family MOCO, LLC, NTR Family NOVA, LLC	18050 Mateny Rd.	Germantown	MD	20878	301-963-3500
Kathryn Corea (2)	BSS Baltimore	1000 Saddle view Way	Forest Hill	MD	21050	410-302-8012
Del Cuellar* (1)	Duck Pond Aquatics LLC	8718 Manchester Road, Apt. #5	Silver Spring	MD	63144	301-996-0508
Chris Kroeker (1 in MD)	Kroeker Enterprises, LLC	3003 Van Ness St	Patapsco Valley	DC	20008	410-695-6200
Massachusetts						
Danny Bolivar (1)	DGB Investments, Inc	1 Barbara Ave	Auburn	MA	01501	305-215-3732
Ben and Bethany Fox* (1)	Fox Swim Schools, Inc.	12 Robinhood Road	Natick	MA	01760	617-548-2901
Elsia & Carlton Jones (2)	E&C Holdings, LLC	187 Brook Road	Milton	MA	02186	617-331-9144
Pete and Jen Nigro* (1)	Starfish Partners LLC	35 Line Street, Unit 2	Cambridge	MA	02138	781-929-5699
Simon Thavaseelan (1)	Svelte Swim	8 Bridle Path	Wayland	MA	01778	617-448-8195
Michigan						
Nora Farhat (1)	NS Multi-Ventures, LLC	601 S Melborn St	Dearborn	MI	48124	313-429-7471
Todd & Christine Schultz* (1)	Individuals	38748 Plumbrook Drive	Farmington Hills	MI	48331	248-797-1915
Jack and Leah Snider* (1)	Big Fish Little Pond, LLC	55783 Estates Lane	Macomb	MI	48042	609-626-4704
Missouri						
Birch McMullin (5)	NEFM	6 High Acres Dr	Olivette	MO	63132	314-348-5255
New Jersey						
James Fremont* (1 in NJ and 1 in NY)	J&L Fremont Enterprises, Inc	8 W. Broadway	Nyack	NY	10960	845-659-1063
Paul Horner (3)	PJ Horner Enterprises	13 Compton Way	Hamilton Township	NJ	08690	609-610-9321
Naresh Nookala (3)	NAS Aquatics	35 Julie Court	Franklin Township	NJ	08873	732-801-9078

Owner Name (# of Units Open)	Entity Name	Address	City	State	Zip	Phone
Sangeetha Sampath* (2)	swimNsmile, LLC	227 Winding Hill Drive	Hackettstown	NJ	07840	973-462-8494
Robert Stapf (7)	Salutem Primum	389 Washington St.	Jersey City	NJ	07302	973-960-0678
New York						
Bill Lynch (1)	LI Aquatics	591 Rockaway St.	W. Islip	NY	11795	561-902-7555
Dmitriy & Svetlana Minakoff (2)	Royal Aqua NYC, LLC	102 Shearwater Court East	Jersey City	NJ	07305	917-589-9059
Evan Smith* (1 in NY and 1 in CT)	Egon Worldwide	6 Pavinchal Pl	New York	NY	12603	267-250-6908
Phil Turner (3)	Lafayette & Loughton	356 Adelphi Street	Brooklyn	NY	11238	718-787-5920
North Carolina						
James Bloomfield* (3)	Invictus Spiritus Holdings Inc.	2237 Helton Way	Charlotte	NC	28204	919-608-9712
Amy Joyner (2)	Joyner5	3986 Hope Valley Drive	Wake Forest	NC	27587	919-810-1976
Ohio						
Ed Rouse (1)	Lighted Sky, LLC	5577 Old Blue Rock Road	Cincinnati	OH	45247	513-795-3278
Pennsylvania						
Stu Gelbord (2 in PA, 1 in NJ)	Jesse Michael, Inc. and MS Aquatics, LLC	1520 Brook Ln.	Jamison	PA	18929	215-850-1772
Traci Brown & Becky & Ryan Grindle (2 in PA, 2 in IL)	Steel City Aquatics	431 Goldsmith Rd.	Pittsburgh	PA	15229	724-241-8602
Kim Lessig, Bob Kane (1)	Kim Swim LLC	2001 Shenkel Rd.	Pottstown	PA	19465	610-405-7934
Brad Reigner (3)	HP9 Ventures	544 Eastside Drive	Lancaster	PA	17601	214-701-4577
South Carolina						
Bryan & Katie Cook* (1)	Palmetto Swim Academy, LLC	152 Education Blvd	Ladson	SC	29456	206-605-9234
Tennessee						
Bill Dumez (1)	Middle Tennessee Swim School	44 Green View	Nashville	TN	37205	615-405-8646
Raymond Liu	Liu, LLC	5710 Willow Oak Drive	Ooltewah	TN	37363	423-432-4869
Texas						
Brian Borchardt (3)	Mighty Splash	2015 Red Rock Drive	Belton	TX	76513	512-763-7946
Joe Gage (1)	BSS Williamson, Inc.	29000 Colonial Dr.	Georgetown	TX	78628	512-573-8406
Jason Reichard (2)	JMR Aquatics	7354 Parkridge Blvd	Irving	TX	75063	972-236-3123
Philip Walker (2)	British Swim School DFW, LLC	4202 Creekbluff Drive	Rowlett	TX	75088	214-549-2901
Ashley Yates* (1)	NW Houston Swim, LLC	15339 Court Amber Trail	Cypress	TX	77433	281-627-8851
Virginia						
Chuck Cassidy* (2)	Robinson-Allen, LLC	904 Infanta Circle	Virginia Beach	VA	23456	757-284-1869
Alice and Casey Clark (1)	AAC Enterprises LLC	2723 Richelieu Ave SW	Roanoke	VA	24014	540-580-4978
Washington						
Juliann and Chris Richling (2)	Driftwood Survival, LLC	188 Fay Lane	Camano Island	WA	98282	206-659-7562

Owner Name (# of Units Open)	Entity Name	Address	City	State	Zip	Phone
Jason Tilton (1)	JCT Enterprises	20506 NE 160th Circle	Brush Prairie	WA	98606	360-953-7748
Wisconsin						
Joel Gannon (2)	Yes And Yes	N112 W17083 Vista Court	Germantown	WI	53022	262-391-9329

List of Franchisees with Unopened Outlets as of December 31, 2022

Denotes franchisee with additional unopened territories under Area Development Agreement

Owner Name (# of Units under signed Franchise Agreements)	Entity Name	Address	City	State	Zip	Phone
Sean Bailey (1)	Master Chief Anchors Away LLC	646 Welcome Home Drive	Middleburg	FL	32068	949-842-9866
Keith and Amanda Berdine* (1)	One Splash at a Time LLC	1211 Liberty St	Weatherford	TX	76086	682-263-9014 682-263-9015
Sarah Burke* (1)	New Gebbie Heritage, LLC	1370 W Canary Way	Chandler	AZ	85286	480-678-2436
Brandon and Elyse Charleson* (1)	Wasatch Front Aquatics, LLC	1055 N 3300 W	Layton	UT	84041	661-860-9092 775-338-3385
Carlos and Laura Hasbun (1)	AAC Enterprises	22604 Maison Carree Sq	Ashburn	VA	20148	571-999-4382
Alicia Gayadeen (1)	Gaya-Fam LLC	2529 SW Willowood Circle	Palm City	FL	34990	561-339-8089
Scott Houck* (1)	SLC Swim Schools LLC	6871 N 220 Apt 8F	Park City	UT	84098	410-533-0882
Kim and Brett Hutchins (1)	Hutchins Group LLC	115 Old Lancaster Rd	Bala Cynwyd	PA	19004	610-505-9492 610-804-3857
Ken Klose* (1)	SOL AQUATICS, INC.	10 Graham Street	Jersey City	FL	07307	407-619-3954
Jamal Motlagh (1)	Motlagh Aquatics LLC	755 Magarita Ave	Coronado	CA	92118	619-888-1334
Belinda Obeng Benne (1)	Ashesipa, LLC	5937 Springmount Road	Chesterfield	VA	23832	804-519-3995
Michael and Julia O'Meara* (1)	TBD	9403 Good Spring Dr	Perry Hall	MD	21128	253-508-2325 253-508-2324
Kirk and April Pead (1)	Mayan Bax, LLC	433 W Marie Way	Saratoga Springs	UT	84045	972-658-3664 801-615-9421
Rachael Proia (1)	Heneddy Corp	62 Belmont St	Reading	MA	01867	781-439-2279
Soumendu Roy (1)	KuRiAS Minds LLC	4295 Chantilly Ln	Frisco	TX	75036	469-601-4092
Nate and Teresa Walsh* (1)	AAL GROW INC.	1789 Bedford Rd.	Upper Arlington	OH	43003	614-403-2527
Christina Weeks (1)	Oso Aquatics Corporation	10440 Newcombe St	Westminster	CO	800021	303-883-8340
Ted and Priscilla Yoon* (1)	TBD	201 W Ridgewood	Long Beach	CA	90805	909-837-9500 510-506-4279

List of Former Franchisees

The name and last known address of every franchisee who had a Franchise transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Owner Name (# of Units Previously Open)	Entity Name	Address	City	State	Zip	Phone
Kim & Aaron Graybill (2)	Swim for Life Aquatics, LLC	6434 Jerry Lynn Lane	Pensacola	FL	32526	407-928-0603
Jai Mirpuri (1)	Raabta Enterprises, LLC	30 Francisco Ave.	Little Falls	NJ	07043	201-549-9199
Sandip & Mahasweta Sarkar (1)	Aquamarine LLC	11445 Wild Meadow Pl	San Diego	CA	92131	858-229-3873
Tracey Weller (2)	Marwell Sports, Inc.	20022 99th Ct. NE	Bothell	WA	98011	206-310-1044
Andrew Woods (1)	Palmetto Southern Corporation	145 Bear Pen Road	Ponte Vedra	FL	32082	904-902-2421

+

EXHIBIT E

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agents for Service of Process:

Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agents for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Agents for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

New York State Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222 (Phone)
(212) 416-6042 (Fax)

Agents for Service of Process:

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex, Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705
(608) 266-3364

Rev. 092217

EXHIBIT F

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, British Swim School Franchising, LLC ("**we**," "**us**" or the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a British Swim School franchise ("**Franchised Business**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

   Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20___.

3. Have you received the Franchise Agreement, each addendum, and/or related agreement provided to you?

   Yes _____ No _____

4. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

5. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

6. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____
   _____

If you have answered Yes to any one of questions 4-5, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered No to each of questions 4-5, please leave the following lines blank.

_____

_____

_____

_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

Sign here if you are taking the franchise as an INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT G

OPERATIONS MANUAL
TABLE OF CONTENTS

British Swim School Operations Manual: Table of Contents

Chapter 1: Introduction
- 1.1 Purpose and Organization
- 1.2 Correspondence and Communication
- 1.3 British Swim School Overview
- 1.4 Expected Ethical and Legal Standards
- 1.5 Disclaimers
- 1.6 Expectations

Chapter 2: Policies and Compliance
- 2.1 Management of the Franchised Business
- 2.2 Initial Training
- 2.3 Aquatics Lead Training
- 2.4 Pool Opening Requirements
- 2.5 Records, Reports, and Financial Statements
- 2.6 Insurance
- 2.7 Site Audits/Revenue Reporting
- 2.8 Brand Standards, Trademarks, Copy Rights
- 2.9 BSS Dress Code and Appearance Policy
- 2.10 SafeSport
- 2.11 Employee Agreements
- 2.12 Emergency Action Plans (EAP)
- 2.13 No BSS in Entity Name
- 2.14 Compliance with System Standards

Chapter 3: Marketing and Sales
- 3.1 BSS Marketing Overview
- 3.2 Marketing Channels
- 3.2.1 Direct Mail Program
- 3.3 Protecting the Brand: Marketing Approval and Policies
- 3.4 Guidelines for using BSS Logo and Brand Representations
- 3.5 National Marketing Fund
- 3.6 Marketing Plan and Budget
- 3.7 Tracking Your Marketing
- 3.8 Common Marketing Mistakes
- 3.9 Marketing to your Local Community
- 3.9.1 Word of Mouth Marketing/Customer Referrals
- 3.10 Other Mass Media/Advertising
- 3.11 Public Relations
- 3.12 Crisis Communications Plan
- 3.13 Promotional Materials
- 3.14 Low Cost & No Cost Marketing Ideas
- 3.15 Customer Retention
- 3.16 Pre-launch Marketing

Chapter 4: Pool Scouting
- 4.1 Competition
- 4.2 Potential Partners
- 4.3 Pool Scouting Materials
- 4.4 Pool Scouting
- 4.5 Decision Maker is Unavailable
- 4.6 Objections
- 4.7 The Follow Up
- 4.8 The Proposal
- 4.9 Insurance
- 4.10 Approval and Contract
- 4.11 Maintaining the Relationship

Chapter 5: "Behind the Scenes"
- 5.1 Phone Sales
- 5.2 Online Registration
- 5.3 Billing
- 5.4 Scheduling
- 5.5 Welcome Letter/Materials
- 5.6 Drops/Transfers/Move Ups/Make-Ups
- 5.7 Make-Ups
- 5.8 Makeup Policies
- 5.9 BSS APP
- 5.10 Financials
- 5.11 Pricing
- 5.12 Standard Chart of Accounts
- 5.13 Budget
- 5.14 Profit and Loss
- 5.15 ProfitKeeper
- 5.16 Taxes

Chapter 6: The Deck Experience and Customer Retention
- 6.1 Deck Ambassador
- 6.2 Pre-Class Responsibilities
- 6.3 During Lessons
- 6.4 After Lessons
- 6.5 Ongoing Responsibilities
- 6.6 Deck Set-Up
- 6.7 First Day Customers
- 6.8 Swim Caps
- 6.9 Double Diapers
- 6.10 Customer Experience/Retention/Referrals

Chapter 7: Aquatics
- 7.1 Aquatics Program Compliance
- 7.2 Life of a British Swim School Swimmer
- 7.3 Safety: Our Number One Goal!
- 7.4 Lesson Plans
- 7.5 Additional Programs
- 7.6 Toys, Teaching Tools, and Equipment
- 7.7 Aquatics CORE Values
- 7.8 Culture
- 7.9 Instructor Training Certification
- 7.10 Swim Caps
- 7.11 Goggles
- 7.12 Double Diaper
- 7.13 Aquatics Lead Training and Responsibility
- 7.14 Ongoing Training - In-Service Meetings, Coaching Reports, and Performance Reviews
- 7.15 Water Watcher Program

Chapter 8: Pool Chemistry
- 8.1 Chlorine
- 8.2 pH
- 8.3 Total Alkalinity
- 8.4 British Swim School Requirements and Recommendations
- 8.5 Additional Information
- 8.6 State information

Chapter 9: Human Resources
- 9.1 Recruitment
- 9.2 Onboarding
- 9.3 Development
- 9.4 Employee Development
- 9.5 Retention
- 9.6 Separation
- 9.7 Available Resources

Chapter 10: Systems and Vendor Overview
- Appendix A: Jackrabbit One Sheeters
- Appendix B: Instructor Checklist
- Appendix C: Call Flows
- Appendix D: LAF/24 HR Abatements and Escalations

Total Pages: 166

EXHIBIT H

FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and transfer. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

Neither the franchisor nor any person or franchise broker in Item 2 of the disclosure document Circular is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain you net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees and former franchisees, listed in the offering circular, may be one source of this information.

ITEM 6 of the Offering Circular entitled “Late Payment” is amended to state 10% interest, which is the highest rate of interest allowed by law in California.

ITEM 17 of the Offering Circular is amended to add the following:

> The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If

the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Franchise Agreement requires application of the laws of the Commonwealth of Virginia. This provision might not be enforceable under California Law.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF HAWAII

The Cover Page is amended to include the following:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THIS FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

The status of the Franchisor's franchise registrations is the states which require registration is as follows:

1. States in which this filing is effective:

   See the State Effective Dates on page 3 of the FDD

2. States in which this filing is or will shortly be on file:

   California, Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Wisconsin

3. States which have refused, by order or otherwise, to register these franchises:

None

4. States which have revoked or suspended the right to offer these franchises:

None

5. States in which the filing of these franchises has been withdrawn:

None

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF ILLINOIS

Illinois law shall apply and govern the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

   Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate or in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is promptly accounted for and submitted to you.

2. ITEM 17 of the Disclosure Document is amended to add the following:

   Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

   Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

   ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee and shall not be for a period longer than two (2) years.

   ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

   ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF IOWA

This Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and transfer and the Franchise Disclosure Questionnaire requires the Franchisee to sign a general release. Any provision of the Franchise Agreement or Franchise Disclosure Questionnaire that requires Franchisee to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

ITEM 17 of the disclosure document is amended to add the following:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provisions in the Franchise Agreement and Area Development Agreement which provide for termination upon bankruptcy of the franchisee or area developer, as applicable, may not be enforceable under federal bankruptcy law.

Exhibit F, Franchise Disclosure Questionnaire, of the disclosure document is amended to add the following:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MICHIGAN

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable under Michigan's Franchise Investment Law if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in Michigan's Franchise Investment Law. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise before the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state (Michigan). This shall not preclude the franchisee from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the Franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

3. **THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan

Department of the Attorney General
Consumer Protection Division
Attention: Franchise Department
525 W. Ottawa Street
670 Law Building
Lansing, MI 48913
(517) 373-7117

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MINNESOTA:

ITEM 6 of the disclosure document entitled "Late Payment" is amended to state $30 per occurrence, which is the highest rate allowed under Minnesota law.

ITEM 13 of the disclosure document is amended as follows:

> As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12, Subd.1(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

ITEM 17 of the disclosure document is amended as follows:

> With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, (1) that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement and (2) that consent to the transfer of the Franchise will not be unreasonably withheld.
>
> Item 17 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
>
> Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Further, Franchisee cannot consent to Franchisor obtaining injunctive relief; but, the Franchisor may seek injunctive relief.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document Cover:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAT THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any concurrently effective order of any

national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, action affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as set forth above in Item 4, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisees to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NORTH DAKOTA

The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) Covenants not to compete are generally considered unenforceable in the State of North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law.

(b) A provision that designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota;

(c) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(d) A provision requiring that the laws of a state other than North Dakota will apply;

(e) A provision calling for the waiver by a Franchisee of the right to trial by jury;

(f) A provision requiring the Franchisee to waive exemplary and punitive damages;

(g) A provision requiring a Franchisee to sign a general release upon renewal of the Franchise Agreement;

(h) A provision restricting the time in which a Franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(i) A provision requiring a Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the Franchise Agreement or Area Development Agreement.

Such provisions, if applicable, are amended by the North Dakota amendments to the Franchise Agreement and Area Development Agreement attached to such agreements.

Item 5 of the Disclosure Document is amended to add the following:

> The North Dakota Securities Department requires us to defer payment of the initial franchise fee and other initial payment obligations owed by franchisees to us until such time as all initial obligations owed to franchisee under the Franchise Agreement and other documents have been fulfilled by us and the franchisee has commenced doing business pursuant to the Franchise Agreement.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person

acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the disclosure document is amended to add the following:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BRITISH SWIM SCHOOL FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

ITEM 17.h of the disclosure document is amended to add the following:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF WASHINGTON

1. RCW 19.100.180 may supersede the Franchise Agreement or Area Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement or Area Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

2. ITEM 1 is amended to add the following:

The referral fee is not available, and will not be paid, in Washington.

4. ITEM 6 is amended to add the following:

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

5. ITEM 17 is amended to add the following:

With respect to 17(q) and 17(r), pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise agreement or elsewhere are void and unenforceable in Washington.

With respect to 17(v) and 17(w), the referenced provisions are subject to state law.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
BRITISH SWIM SCHOOL FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF WISCONSIN

ITEM 17 of the disclosure document is amended to add the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07, may affect the termination provision of the Franchise Agreement.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT I

CONTRACTS FOR USE WITH THE BRITISH SWIM SCHOOL FRANCHISE

The following contracts contained in Exhibit I are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the British Swim School Business. The following are the forms of contracts that British Swim School Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT I-1

BRITISH SWIM SCHOOL FRANCHISE

SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of British Swim School Franchising, LLC, a Delaware limited liability company, and its successors and assigns ("us", "we" or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a British Swim School business operating pursuant to a franchise agreement with us.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a British Swim School business or the solicitation or offer of a British Swim School franchise, whether now in existence or created in the future.

"Franchisee" means the British Swim School franchisee for which you are a manager or officer.

"Franchisee Territory" means the territory granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a British Swim School business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential Operations Manual for the operation of a British Swim School business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a British Swim School business, including "BRITISH SWIM SCHOOL," and any other trademarks, service marks, or trade names that we designate for use by a British Swim School business. The term "Marks" also includes any distinctive trade dress used to identify a British Swim School business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or

attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two-year period after you cease to be a manager or officer of Franchisee's British Swim School business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the nine month period after you cease to be a manager or officer of Franchisee's British Swim School business.

"Restricted Territory" means the geographic area within: (i) a 15-mile radius from Franchisee's British Swim School business (and including the premises of the approved location of Franchisee); and (ii) a 15-mile radius from all other British Swim School businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 8-mile radius from Franchisee's British Swim School business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a British Swim School business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the British Swim School business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's British Swim School business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's British Swim School business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who

are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other British Swim School franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the Commonwealth of Virginia, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT I-2

BRITISH SWIM SCHOOL FRANCHISE

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of British Swim School Franchising, LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"British Swim School Business" means a business that operates a swimming and water-survival instruction program offering private and group lessons for individuals of all ages and other related products and services using our Intellectual Property.

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow British Swim School franchisees to use, sell, or display in connection with the marketing and/or operation of a British Swim School Business, whether now in existence or created in the future.

"Franchisee" means the British Swim School franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a British Swim School Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential Operations Manual for the operation of a British Swim School Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a British Swim School Business, including "BRITISH SWIM SCHOOL" and any other trademarks, service marks, or trade names that we designate for use by a British Swim School Business. The term "Marks" also includes any distinctive trade dress used to identify a British Swim School Business, whether now in existence or hereafter created.

"System" means our system for the establishment, development, operation, and management of a British Swim School Business, including Know-how, proprietary programs and products, confidential Operations Manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees,

and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the British Swim School Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of British Swim Centers Franchising, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other British Swim School franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of British Swim Centers Franchising, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of the Commonwealth of Virginia, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT J-1

PROMISSORY NOTE

PROMISSORY NOTE

$_____ **_____, 20__**
Virginia Beach, Virginia

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of BRITISH SWIM SCHOOL SERVICES, LLC ("Lender"), at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452 or at the Lender's option, at such other place as may be designated from time to time by holder, the amount of _____ and __/100 DOLLARS ($_____.__), together with interest at the rate per annum set for the below, on the unpaid balance computed from the date set forth below.

This Note shall be payable in monthly payments of principal and interest commencing on _____, 2___, and continuing on the ___ day of each month thereafter. The entire outstanding principal balance and all interest and other applicable fees, costs and charges, if any, will be due on _____, 2____.

Interest on the outstanding principal balance shall accrue as follows:

Months 1-12: _____%
Months 23-24: _____%
Months 25-36: _____%
Months 37-48: _____%
[Add additional months as necessary]

This Note shall be secured.

Borrower has requested that Lender make the loan evidenced by this Note to enable Borrower to [finance the Initial Franchise Fee and other opening costs] for a British Swim School franchise (the "Franchised Business") to be opened and operated by Borrower pursuant to a Franchise Agreement, dated _____, by and between British Swim School Franchising, LLC ("Franchisor") and Borrower (the "Franchise Agreement").

After maturity, this Note shall bear interest at the rate of _____ percent (___%) per annum or the maximum interest rate permitted by law, whichever is less. In the event Borrower fails to fully pay any installment of principal and/or interest or otherwise fails to repay this Note within five (5) days of its due date, the Obligor (as defined below) agrees to pay the Lender on demand a late charge of five percent (5%) of the scheduled payment. The Lender may, at its option, apply any late payments (either full or partial) in the following manner: first, to interest, then to principal and finally to late charges.

The Borrower represents and warrants to Lender that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned shall have the right to pre-pay this Note, in whole or in part, without penalty, at any time.

The Borrower agrees to pay all attorneys' fees, expert fees and other costs and expenses that Lender may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as Borrower, endorser, surety, guarantor, or otherwise (an "Obligor"), waives the benefit of the homestead exemption and of all other exemptions

available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Lender may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Borrower changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Lender and/or any affiliate of Lender are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Lender without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Lender and/or any affiliate of Lender and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

EACH OBLIGOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH OBLIGOR AND LENDER MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTION OR PROCEEDING, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH OBLIGOR, AND EACH OBLIGOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY AND THAT EACH OBLIGOR HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH ITS COUNSEL.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Lender, its successors and assigns.

[This Note shall be contingent upon the Borrower securing SBA or other suitable financing for the Franchised Business.]

This Note shall be governed by and construed in all respects and enforced according to the laws of the Commonwealth of Virginia. Franchisee irrevocably submits to the exclusive jurisdiction of the state and federal courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Borrower further agrees that any such action or proceeding must be brought exclusively in such courts.

WITNESS the following signature(s) and seal(s):

If Borrower is an entity:

BORROWER:

_____

By: _____

Name: _____

Title: _____

Address: _____

_____

If Borrower is an individual:

Signature:_____

Name: _____

Address: _____

_____

Signature:_____

Name:_____

Address: _____

_____

EXHIBIT J-2

GUARANTY

GUARANTY AGREEMENT

FOR VALUE RECEIVED, and in order to induce BRITISH SWIM SCHOOL SERVICES, LLC ("Lender") to accept the Promissory Note dated _____, in the principal amount of _____ and __/100 DOLLARS ($_____.__) ("Note") signed by _____ ("Borrower"), the undersigned hereby absolutely and unconditionally guarantee to Lender the due and prompt payment of the indebtedness represented by said Note, and all other costs incurred, including reasonable attorneys' fees, in enforcing the terms of the Note and this Guaranty.

The undersigned hereby agrees that Lender may from time to time without notice to or consent of the undersigned and upon such terms and conditions as Lender may deem advisable without affecting this Guaranty: (a) make any agreement extending or otherwise altering the time for or the terms of payment of all or any part of the Note; (b) modify, waive, compromise, release, subordinate, resort to, exercise or refrain from exercising any right Lender may have hereunder; (c) accept security or additional security or guarantees of any kind; (d) endorse, transfer or assign the Note to any other party; (e) accept from the Borrower or any other party partial payment or payments on account of the Note; (f) from time to time hereafter further loan monies or give or extend credit to or for the benefit of the Borrower; (g) release, settle or compromise any claim of Lender against the Borrower, or against any other person, firm or corporation.

The undersigned hereby unconditionally and absolutely waive: (a) any obligation on the part of Lender to protect, secure or insure any of the security given for the payment of the Note; (b) the invalidity or unenforceability of the Note; (c) any of the security given for the payment of the Note; (d) notice of acceptance of this Guaranty by Lender; (e) notice of presentment, demand for payment, notice of non-performance, protest, notices of protest and notices of dishonor, notice of non-payment or partial payment; (f) notice of any defaults in the performance of any of the covenants and agreements contained therein, in any instrument given as security for the Note or in any other agreement or contract between Lender and Borrower; (g) the transfer or sale by Borrower or the diminution in value thereof or any security given for the Note; (h) any failure, neglect or omission on the part of Lender to realize or protect the Note or any security given therefor; (i) any right to insist that Lender prosecute collection of the Note or resort to any instrument or security given to secure the Note or to proceed against the Borrower or against any other guarantor or surety prior to enforcing this Guaranty; provided, however, at its sole discretion Lender may either in a separate action pursuant to this Guaranty pursue its remedies against the Borrower or any other guarantor or surety, without affecting its rights under this Guaranty; (j) notice to the undersigned of the existence of an extension of the Note; or (k) any order, method or manner of application of any payments on the Note.

Without limiting the generality of the foregoing, the undersigned will not assert against Lender any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, ultra vires acts, usury, illegality or unenforceability which may be available to the Borrower in respect of the Note, or any setoff available against Lender to the Borrower whether or not on account of a related transaction, and the undersigned expressly agrees that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Note, notwithstanding provisions of law that may prevent Lender from enforcing such deficiency against the Borrower. The undersigned hereby specifically waives and renounces any right to proceed against Lender, and its successors and assigns, for any deficiency arising as a result of the foreclosure of any mortgage or security agreement. The liability of the undersigned shall not be affected or impaired by any voluntary or involuntary dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding

affecting the Borrower or any of its assets and that upon the institution of any of the above actions, at Lender sole discretion and without notice thereof or demand therefor, the undersigned's obligations shall become due and payable and enforceable against the undersigned whether or not the Note or any of its installments is then due and payable.

The undersigned further agrees that no act or thing, except for payment in full, which but for this provision might or could in law or in equity act as a release of the liabilities of the undersigned hereunder shall in any way affect or impair this Guaranty and the undersigned agrees that this shall be a continuing, absolute and unconditional Guaranty and shall be in full force and effect until the Note has been paid in full.

The undersigned agrees that all indebtedness, liability or liabilities now or at any time or times hereafter owing by the Borrower to the undersigned are hereby subordinated to the Note and any payment of indebtedness of the Borrower to the undersigned, if Lender requests, shall be received by the undersigned as trustee for Lender on account of the Note. The undersigned agrees that the payment of any amount or amounts by the undersigned pursuant to this Guaranty shall not in any way entitle the undersigned, whether at law, in equity or otherwise to any right to direct the application or disposition of any such security or any right to direct the enforcement of any such security.

Performance by the undersigned under this Guaranty shall not entitle the undersigned to be subrogated to the Note or to any security therefor, unless and until the full amount of the indebtedness has been fully paid.

This Guaranty Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to the conflicts of laws provisions. Each undersigned guarantor irrevocably submits to the exclusive jurisdiction of the state and federal courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Each of the undersigned further agrees that any such action or proceeding must be brought exclusively in such courts.

Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Guaranty shall affect or release the joint and several liability of any other person or party.

DATED _____

LENDER:

BRITISH SWIM SCHOOL SERVICES, LLC

Signature:_____

Name:_____

Title: _____

GUARANTOR:

Signature:_____

Name:_____

Address:_____

_____

Signature:_____

Name:_____

Address:_____

_____

EXHIBIT J-3

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, made this ____ day of _____, 20__, by the undersigned ("Borrower"), to BRITISH SWIM SCHOOL SERVICES, LLC, a Virginia limited liability company, having its principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 ("Secured Party").

Borrower and British Swim School Franchising, LLC ("Franchisor") have entered into that certain Franchise Agreement, dated _____, 2____ (the "Franchise Agreement") pursuant to which Franchisor granted Borrower a right to operate a British Swim School franchise (the "Franchised Business"). To enable Secured Party to pay to Franchisor the franchise fee and other opening costs, Secured Party has made a loan to Borrower in the amount of $_____ (the "Loan") as evidenced by that certain Promissory Note, dated _____, 2____ (the "Note").

1. In consideration of Secured Party making the Loan to Borrower, Borrower hereby grants to Secured Party a security interest in all of the stock of goods, wares and merchandise (collectively the "Inventory"), and the trade fixtures, furnishings and equipment, including Borrower's service van(s), vehicles, computers and computer programs (collectively the "Equipment"), and accounts, contract rights, general intangibles, chattel paper, revolving accounts, extended credit contracts, open accounts, leases, insurance policies, documents, deposits, trademarks, trade names, customers lists, books, records, catalogues and sales aids (collectively the "Property") (the Inventory, the Equipment and the Property are collectively referred to herein as the "Collateral"), wherever located, whether now owned or hereafter acquired, and any replacement, substitutions, additions, accessions or cash and non-cash proceeds arising therefrom, whether as a result of the sale, exchange, collection or other disposition of any of the Collateral, or otherwise.

2. This Security Agreement is made as security for the payment by the Borrower to Secured Party of Borrower's indebtedness pursuant to the Note.

3. Borrower hereby represents and warrants to Secured Party that the property covered by this Security Agreement is lawfully in Borrower's possession, is now free from all liens and encumbrances other than this security interest and a security interest in favor of such party(ies) listed on Exhibit A attached hereto.

4. Borrower may sell and install the Inventory in the regular course of business, provided however, that he shall replenish said Inventory so sold and installed, and shall at all times maintain said Inventory to substantially the same amount that presently exist.

5. Borrower represents and warrants that all Collateral shall be kept within the state where its Franchised Business is located. Borrower shall promptly notify Secured Party in writing of any change in Borrower's address or use of any other names under which it is doing business.

6. Borrower further covenants and agrees as follows:

(a) To keep the Collateral insured against loss and damage by fire and other casualty at least to the extent of their book value, for the benefit of Secured Party in such form and in such insurance company as Secured Party shall reasonably approve, said policies to name Secured Party as co-insured, and that in default thereof, Secured Party may effect such insurance, and the sum so paid for that purpose with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(b) It is understood that any loss, injury or destruction of the Collateral shall be at the risk of Borrower and shall not release the Borrower from any obligation hereunder.

(c) To use the Collateral with reasonable care, skill and caution, and not to permit the same to be damaged, injured or depreciated; not to encumber or permit any encumbrance or lien of any character against the Collateral; not to use the Collateral in violation of any law; not to waste or destroy the Collateral or to suffer it or any part thereof to be attached or taken on execution or other process.

(d) To make and file all statements required by law and to pay all fees, taxes, assessments and charges of any nature that may be levied against or in connection with the Collateral, this instrument, or the indebtedness secured hereby and to keep this Security Agreement in full force and effect until said debt is paid. In the event the Borrower shall neglect or fail to pay said expense, Secured Party may pay them, and all sums of money so expended with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(e) Borrower shall pay to Secured Party all expenses incurred by Secured Party in enforcing any of the provisions hereof, including but not limited to, costs of collecting the debt secured hereby, and all such expenses shall be deemed a part of the debt secured hereby.

(f) To defend the Collateral against the claims of all persons.

(g) It is understood and agreed that the Collateral is, and shall continue to remain, personal property, and that Borrower shall not change or alter or act upon or permit any change, alteration or action upon which the Collateral would change its character as personal property.

(h) That the said Equipment shall not be sold, mortgaged, conveyed or disposed of in any way without the prior written consent of Secured Party unless Borrower has replaced such Equipment with equipment of equal or greater value.

(i) At the request of Secured Party, Borrower will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements and other documents.

7. This Security Agreement may be assigned, negotiated, and/or transferred by Secured Party, without notice to Borrower, and when assigned, negotiated and/or transferred shall be free from any defense, counterclaim or cross-complaint by Borrower.

8. No transfer, renewal, extension, modification or assignment of this Security Agreement, or any interest hereunder, nor the failure of Secured Party to enforce any provision hereof, shall operate or be construed as a waiver by Secured Party of the strict performance of the covenants and conditions of this Security Agreement by Borrower.

9. Time is of the essence of this Security Agreement.

10. Any one or more of the following shall constitute a default under this Security Agreement: (a) a default by Borrower of this Security Agreement or any of its obligations hereunder; (b) a default by Borrower under any other agreement or contract between Secured Party and Borrower, or Franchisor and Borrower; (c) the insolvency of Borrower or Borrower's cessation of the business as a going concern or a petition in bankruptcy by or against Borrower; (d) in the event of the existence of a lien upon or the sequestration or attachment of any property in the possession of Borrower; (e) an assignment for the benefit

of creditors by Borrower; (f) disposal by Borrower of more than ten percent (10%) of its assets other than in the regular course of its operation of the Franchised Business, or (if a corporate entity) a change of ownership of ten percent (10%) or more of the shares of capital stock of Borrower to other than an existing shareholder; or (g) if Secured Party shall, at any time, reasonably deem the security afforded by this Security Agreement unsafe or at any risk. In the event of any such default, the full amount of the aforesaid debt shall become immediately due and payable at the option of Secured Party; and it shall then be lawful for Secured Party (and Borrower hereby so authorizes and empowers it) without notice or demand and without legal process, to take immediate possession of the Collateral and for that purpose to enter upon any premises where the same or any part thereof may be and to remove the same therefrom; and Secured Party shall not thereby be liable for damages for trespass or subject to suit of any kind.

11. Borrower acknowledges and agrees that upon any such default as aforesaid and to the extent permitted by law, (a) Secured Party may, without notice to Borrower sell the Collateral and all equity of redemption of Borrower therein without legal procedure and without demand for performance, either at public or private sale, and in such county and at such place as Secured Party may elect without having the said property at the place of sale; and, (b) Secured Party may purchase said property or any part thereof at any such sale, and that out of the moneys arising from said sale, Secured Party may retain all sums secured by this Security Agreement, whether then or thereafter payable, including all costs, charges and expenses incurred by Secured Party in effecting such sale or otherwise in relation to the said property, rendering the surplus, if any, to Borrower. If a deficiency occurs, Borrower agrees to pay such deficiency forthwith, together with a reasonable attorneys' fee for the recovery thereof if an attorneys' fee is incurred by Secured Party.

12. Borrower authorizes any attorney to appear in any court of record of the United States and to confess judgment in the amount of the deficiency against Borrower and in favor of Secured Party, and Borrower hereby waives service of process and any right of appeal.

13. **BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION (INCLUDING STATUTORY AND EMERGENCY STATUTORY ACTIONS), PROCEEDING OR COUNTERCLAIM ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY AGREEMENT OR CONTRACT BETWEEN BORROWER AND SECURED PARTY, THEIR RELATIONSHIP, NON-PAYMENT OF ANY PAYMENT(S) REQUIRED OF BORROWER TO BE PAID TO SECURED PARTY, AND NON-MONETARY DEFAULT(S) OF BORROWER.**

14. Borrower waives the right to remove any legal action from the court originally acquiring jurisdiction and waives all homestead and other property exemption laws.

15. If any provision of this Security Agreement shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Security Agreement without any effect upon the validity or enforceability of any other provisions of this Security Agreement.

16. All rights and remedies of Secured Party hereunder are cumulative and not alternative. Any remedies herein provided shall be in addition to any other remedy available to Secured Party at law or in equity.

17. The failure of Secured Party to enforce any one or more of the terms and conditions of this Security Agreement will not be deemed a waiver of such terms or conditions or of Secured Party's rights thereafter to enforce each and every terms and conditions of this Security Agreement.

18. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Secured Party.

19. This Security Agreement shall bind Borrower and the heirs, legal representatives, successors and/or assigns of Borrower and shall inure to the benefit of Secured Party and the successors and/or assigns of Secured Party. If Secured Party assigns its interest herein, its assignee shall take free of any defense, counterclaim or cross-complaint Borrower may have against Secured Party.

20. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

21. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

22. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

23. Franchisee irrevocably submits to the exclusive jurisdiction of the state and federal courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

24. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

25. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

26. Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Security Agreement shall affect or release the joint and several liability of any other person or party to this Security Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed this Security Agreement on the day and year first above written.

BORROWER:

_____

By:_____
Name:_____
Title:_____

Address:_____

_____

If Borrower is an individual:

_____
Signature

_____
Name

Address:_____

_____

Exhibit A to Security Agreement

Permitted Liens

EXHIBIT K

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby:

authorizes BRITISH SWIM SCHOOL FRANCHISING, LLC and BRITISH SWIM SCHOOL SERVICES, LLC (collectively, the "Company") to initiate debit entries and or credit correction entries to the undersigned's checking and/or savings account indicated below and

authorizes the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____
Bank

_____
Address

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry in initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
FRANCHISEE (Depositor) (Print Name)

By: _____

Date: _____

EXHIBIT L

TELEPHONE NUMBER ASSUMPTION AGREEMENT

TELEPHONE NUMBER ASSUMPTION AGREEMENT

_____
(Name of Telephone Company)

_____
(Address)

_____

TRANSFER OF SERVICE AGREEMENT

In the event my British Swim School Franchise is discontinued for any reason, I hereby release the use of the following telephone number(s): _____ which were used in conjunction with said Franchise to British Swim School Franchising, LLC, or its designee.

_____ _____
Date Present Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said _____
on the _____day of _____, 20___.

_____
Notary Public, State of _____

****

I hereby assume and agree to pay all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

_____ _____
Date New Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said _____
on the _____day of _____, 20___.

_____
Notary Public, State of _____

EXHIBIT M-1

TRANSFER AND RELEASE AGREEMENT

TRANSFER AND RELEASE AGREEMENT
(Franchise)

This **TRANSFER AND RELEASE AGREEMENT** (the "Agreement") is made and entered into on this _____ day of _____, 20___, by and among BRITISH SWIM SCHOOL FRANCHISING, LLC ("Franchisor"), _____ ("Franchisee") and _____ ("Transferee").

WITNESSETH

WHEREAS, Franchisor and Franchisee entered into that certain Franchise Agreement, dated DATE (the "Franchise Agreement") for the operation of a British Swim School franchise (the "Franchised Business");

WHEREAS, NAME and NAME (collectively, the "Guarantors") have guaranteed the obligations of Franchisee under the Franchise Agreement;

WHEREAS, Franchisee notified Franchisor of Franchisee's desire to transfer to Transferee all right, title, and interest held by Franchisee, in and to the Franchised Business and Franchise Agreement and, therefore, has requested that Franchisor consent to the transfer thereof to Transferee pursuant to Section 13 of the Franchise Agreement; and

WHEREAS, Franchisor is willing to waive its right of first refusal and to grant its consent to the proposed transfer of the Franchise Agreement, subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. Consent to Transfer. Franchisor hereby waives its right of first refusal under the Franchise Agreement and consents to the transfer by Franchisee to Transferee of all of Franchisee's right, title, and interest in and to the Franchised Business. The foregoing waiver and consent is subject to and made in reliance upon the following terms, conditions, representations, and warranties:

(a) Franchisee and Transferee represent, warrant, and agree that, subject to Franchisor's consent, Franchisee has transferred to Transferee all of Franchisee's right, title, and interest in and to the Franchised Business, and that all legal actions necessary to effect such transfer have been accomplished.

(b) Transferee must execute Franchisor's current form of franchise agreement and its principles must personally assume and be bound by all of the terms, covenants and conditions contained therein.

(c) Payment by Franchisee to Franchisor, in a manner satisfactory to Franchisor, of all accrued monetary obligations, including, but not limited to, all obligations pursuant to the Franchise Agreement.

(d) Payment by Franchisee to Franchisor's affiliates, in a manner satisfactory to Franchisor's affiliates, of all accrued monetary obligations owed to such affiliates pursuant to any agreement or arrangement between Franchisee and such affiliate(s).

(e) Franchisee and Transferee acknowledge and agree that all obligations owed by either of them to Franchisor and/or its affiliates must be resolved to Franchisor's satisfaction as a condition of Franchisor's execution of this Agreement and the transfer of the Franchise Agreement.

(f) Franchisee acknowledges and agrees that, notwithstanding the terms of this Agreement, Franchisee will comply with all of the requirements of the Franchise Agreement, which, by their nature, are intended to survive the termination or expiration of said Franchise Agreement, including, but not limited to, the covenants against competition and against disclosure of confidential information as specified therein.

2. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement. In no way limiting, but in furtherance of the foregoing, each of Franchisee and each Guarantor shall execute and deliver to Franchisor a General Release in the form attached hereto as Exhibit A. Franchisee hereby covenants not to sue Franchisor for any of the claims hereby released.

3. No Participation. Franchisee and Transferee acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with the transfer contemplated by this Agreement or the transaction between Franchisee and Transferee. Franchisor assumes no obligations in that regard.

4. Terms. All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions, and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents.

5. No Other Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement, territory or franchise not specifically identified herein. Such consent must be separately granted by the written agreement of Franchisor.

6. Severability. If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Section, however, the parties

agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

7. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

8. Waiver. The failure by Franchisor to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of Franchisor's rights thereafter to enforce each and every term and condition of this Agreement.

9. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

10. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

11. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein without the express prior written consent of Franchisor.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

13. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflicts of law rules or provisions.

14. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state and federal courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that all claims in respect of the action or proceeding must be brought exclusively in such courts.

15. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

16. Indemnification. Each of Franchisee and Transferee agree to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, any breach by Franchisee or Transferee, respectively, of any provisions of this Agreement.

17. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in

the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

18. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly signed by the parties hereto as indicated and shall be effective as of the date it is executed by Franchisor.

FRANCHISOR:

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Address: _____
_____

By: _____
Name: _____
Title: _____
Address: _____
_____

TRANSFEREE:

_____

By: _____
Name: _____
Title: _____

SEEN AND AGREED:

Each Guarantor acknowledges and agrees that it shall be bound by the provisions of Sections 2, 13, 14, 15 and 16 of this Agreement.

Signature: _____
Name: _____

Signature: _____
Name: _____

Signature: _____
Name: _____

EXHIBIT A TO TRANSFER AND RELEASE AGREEMENT

GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with British Swim School Franchising, LLC ("British Swim School") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges British Swim School and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____

EXHIBIT M-2

ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), dated as of _____, 20__, is entered into by and among _____ ("Seller"), _____ ("Buyer") and _____ ("Agent").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement (the "Purchase Agreement") dated as of _____, 20__, pursuant to which Buyer will purchase certain assets of Seller (the "Transactions"); and

WHEREAS, pursuant to the terms of the Purchase Agreement, Buyer must pay to Seller the purchase price of _____ and ___/100 Dollars ($_____.00) (the "Purchase Price").

WHEREAS, Seller has requested that Buyer pay the Purchase Price to Agent for disbursement, and Buyer has agreed to such request.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Establishment of Escrow. In connection with the closing of the Transactions, Buyer shall remit the Purchase Price to Agent pursuant to the wiring instructions attached hereto. Upon receipt of the Purchase Price by Agent, each of Seller and Buyer confirms that the Transaction has closed and that Agent is authorized to disburse.

2. Delivery; Instructions. Upon receipt of the Purchase Price, Agent shall disburse the Purchase Price pursuant to the written instructions delivered by Seller to Agent. Seller represents and warrants to Agent that Agent may rely solely upon the instructions of Seller, including, but not limited to, the amount and manner of disbursement. Agent shall not be required to inquire into the content of any written instructions received from Seller, nor the capacity of any party who executed or is purported to have executed the same, and Agent may (but shall not be required to), without making any inquiry or investigation whatsoever, conclusively accept as valid and correct, and may conclusively rely upon, any written instructions received by him in connection herewith from any person hereto, as being genuine, properly executed by the person or persons whose signatures purportedly appear thereon and correct as to any and all facts stated therein. Upon delivery of the Purchase Price in accordance with this Section 2, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Purchase Price or any portion thereof so delivered.

3. Contradictory Instructions or Disputes. Buyer acknowledges and agrees that it shall not contest or dispute Seller's written instructions delivered to Agent, or deliver any contradictory instructions to Agent. In the event (i) Agent shall receive contradictory instructions from Buyer, (ii) there is any dispute between Buyer and Seller with respect to any matter arising under this Agreement, or (iii) there shall be any uncertainty as to the meaning or the applicability of any of the provisions hereof or any written instructions received by Agent pursuant hereto, at its option and at any time thereafter, Agent may deposit the Deposit including with any court in the Commonwealth of Virginia having appropriate jurisdiction or take such affirmative steps as it may elect in order to substitute an impartial party acceptable to Buyer and Seller to hold the Purchase Price or any portion thereof, as applicable. Upon making such deposit, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Deposit or any portion thereof so deposited.

4. Acts or Omissions. Buyer and Seller recognize and acknowledge that Agent is serving as escrow agent hereunder solely as an accommodation to and for the benefit of both Buyer and Seller, and they each agree that Agent shall not be liable to either of them for any act or omission hereunder or any matter or thing arising out of his conduct hereunder, except for his willful misfeasance or gross negligence.

5. Notices. All notices, certificates and other communications permitted or required between the parties hereto shall be in writing and shall be sent by hand delivery or by certified mail, return receipt requested. Each party shall promptly notify the other parties of any change in its address by notice given as provided in this paragraph. Copies of all notices, certificates or other communications relating to this Agreement shall be sent to all parties hereto in the manner hereinabove set forth.

6. Binding Effect. This Agreement shall be binding on all parties and may not be modified or amended orally, but only in a writing signed by all parties hereto.

7. Authenticity. Agent shall be entitled to assume the authenticity of any signature and the genuineness and/or validity or any writing received by him from any party hereto.

8. Resignation or Substitution of Agent. Agent may resign as escrow agent by giving each party hereto thirty (30) days' advance written notice and, upon such resignation, Agent shall have no further obligation or liability under this Agreement. Upon the resignation, removal or death of Agent, Buyer and Seller may appoint a substitute escrow agent.

9. Applicable Law. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. Buyer and Seller hereby submit to personal jurisdiction in the Commonwealth of Virginia for all matters, if any, which shall arise with respect to this Agreement, and waive any and all rights under the laws of any other state or country to object to jurisdiction within the Commonwealth of Virginia or to institute a claim of *forum non conveniens* with respect to any court in the Commonwealth of Virginia for the purposes of litigation with respect to this Agreement.

10. Recognition of Agent's Relationship with Franchisor. Each of Seller and Buyer acknowledge and agree that (a) Agent has agreed to serve as escrow agent solely at the request of Seller and Buyer and for the convenience of Seller and Buyer, (b) Agent does not represent either Seller or Buyer with respect to the Transaction or otherwise, and (c) Agent acts, and may continue to act, as counsel to British Swim School Franchising, LLC, whether or not the Purchase Price is being held by it or have been delivered to a substitute impartial party or to a court of competent jurisdiction.

IN WITNESS WHEREOF, each of the parties hereto has affixed his signature and seal.

SELLER:

_____

By: _____
Name: _____
Title: _____

BUYER:

_____

By: _____
Name: _____
Title: _____

I hereby acknowledge receipt of the Purchase Price referred to above and agree to hold, administer and distribute the same in accordance with all of the terms and provisions of this Agreement.

AGENT:

_____
a _____

By: _____

SEEN AND AGREED:

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: _____
Name: _____
Title: _____

Exhibit A
to
Escrow Agreement

Wiring Instructions

EXHIBIT M-3

COMMISSION AGREEMENT

COMMISSION AGREEMENT

THIS COMMISSION AGREEMENT is made this day of _____, 20__ (the "Effective Date") by and between BRITISH SWIM SCHOOL FRANCHISING, LLC ("British Swim School " or "Franchisor") and FRANCHISEE NAME(s) (the "Franchisee").

WHEREAS, British Swim School granted to Franchisee, pursuant to a Franchise Agreement dated DATE ("Franchise Agreement"), the right to operate a British Swim School franchise according to the terms and conditions contained in the Franchise Agreement for the Franchise Territory listed on Exhibit A attached hereto ("Franchised Business"); and

WHEREAS, Franchisee owns certain assets described on Exhibit B attached hereto ("Assets") which Franchisee uses or are otherwise useful in the Franchised Business; and

WHEREAS, Franchisee requests that British Swim School assist and, if possible, facilitate the conveyance of the Franchised Business to a Potential Purchaser (as defined below); and

[If applicable: WHEREAS, as of the Effective Date, Franchisee owes British Swim School and/or its affiliates the amount of $_____ for royalties, product and service, and other fees (the "Past Due Amounts").]

THEREFORE, for good and valuable consideration, Franchisee and British Swim School agree as follows:

1. Engagement. Franchisee hereby engages Franchisor to use reasonable efforts to assist in identifying and presenting to Franchisee a suitable candidate ("Potential Purchaser") to purchase the Franchised Business from the Franchisee.

2. Listing Price and Terms. Franchisee has determined that the listing price for the Franchised Business shall be $_____ (the "Listing Price"). Franchisee hereby authorizes Franchisor to publish such Listing Price to each Potential Purchaser and to provide Potential Purchaser the information and additional terms as determined by Franchisee and set forth on Exhibit C attached hereto.

3. Commission. In the event that British Swim School identifies and presents a Potential Purchaser who purchases the Franchised Business, Franchisee shall to pay to British Swim School a commission in the amount of _____ the total purchase price (the "Commission"), subject to a minimum Commission payment of $_____ per Territory (the "Minimum Commission"). The amount of the Commission may be increased by British Swim School to pay referral fees to independent franchise brokers if a franchise broker identifies the Potential Purchaser who purchases the Franchised Business. Franchisee shall pay to British Swim School the greater of the Commission or the Minimum Commission at the closing of the sale of Franchisee's Franchised Business. Franchisee grants to British Swim School a security interest in the proceeds of the closing to secure the payment by Franchisee of the Commission. The Commission is independent of, and in addition to any transfer fee due to British Swim School from Franchisee[, the Past Due Amounts,] and any other amounts owed by Franchisee to British Swim School and/or its affiliates.

[If applicable: Franchisee shall pay to British Swim School all Past Due Amounts at the closing of the sale of Franchisee's Franchised Business, if such amounts have not otherwise been paid by Franchisee in

advance of such closing.] [Optional: British Swim School agrees to waive the transfer fee otherwise due and payable pursuant to the Franchise Agreement.]

4. Representations and Warranties. Franchisee acknowledges that it has supplied and/or determined all of the listing information, including but not limited to the information provided herein, and represents and warrants to British Swim School that such information is true and correct.

5. Disclaimer. Franchisee acknowledges and agrees that British Swim School has not made and does not make any representations, warranties, or guaranties regarding British Swim School's, or any franchise broker's, ability to assist in or facilitate the conveyance of the Franchised Business, or identify or secure a Potential Purchaser, or obtain Franchisee's requested or desired purchase price or other terms.

6. Franchisee's Obligations. Nothing contained herein releases Franchisee from, or obviates the need for Franchisee to, continue to market the Franchised Business, and Franchisee hereby agrees that it shall market the Franchised Business for sale to Potential Purchasers. Franchisee shall continue to operate the Franchised Business in full compliance with the Franchise Agreement, notwithstanding its desire to sell the Franchised Business.

7. Reaffirmation. This Agreement does not modify the Franchise Agreement, which Franchisee hereby affirms in its entirety and agrees is legally binding and enforceable.

8. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement.

9. Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, Franchisee's breach of any provisions of this Agreement.

10. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11. Fees. All legal and accounting costs and other expenses incurred by each party in connection with this Agreement and the transaction contemplated herein shall be paid by the party that incurs the expenses.

12. Governing Laws; Venue and Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of laws provisions. Franchisee irrevocably submits to the exclusive jurisdiction of the state and federal

courts having jurisdiction over matters arising entirely within Virginia Beach, Virginia, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

14. Severability. In case any provision(s) hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

15. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

16. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Franchisor.

17. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

18. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

19. Term. The term of this Agreement commences upon the Effective Date and expires upon the first to occur of _____ or the date the Franchise Agreement expires or is otherwise terminated.

20. Authority. If Franchisee is a partnership, corporation or other entity, the person signing on behalf of Franchisee hereby represents and warrants that he or she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and to bind, Franchisee.

IN WITNESS HEREOF, the parties to this Agreement duly execute and seal it.

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Franchisee: _____

By: _____

Name: _____

Title: _____

Address: _____

_____

Exhibit A
to
Commission Agreement

Territory(ies)

The Franchise Territory(ies) is/are as follows:

TID NAME: ZIP CODES

Exhibit B
to
Commission Agreement

Assets

List of Furniture, Fixtures, Supplies and Equipment:

Exhibit C
to
Commission Agreement

Listing Price and Other Terms

Listing Price: $_____

Base Monthly Rent: $_____ Lease Expiration Date: _____

Options:_____ Security Deposit:_____

Landlord:_____ Phone:_____

Good Faith Deposit: $_____

Franchisee Financing: Y/N

Additional Terms:_____

EXHIBIT N

SITE SELECTION ADDENDUM

BRITISH SWIM SCHOOL FRANCHISING, LLC, a Delaware limited liability company ("Franchisor", "we", "us" or "our") and _____ ("Franchisee" or "you") have entered into a Franchise Agreement, dated _____ ("Franchise Agreement") and desire to supplement its terms as set out below in this Site Selection Addendum, dated _____ ("Addendum"). The parties hereto agree as follows:

AGREEMENT

1. Site Selection Assistance. We may provide you with leasing guidelines ("Leasing Guidelines") to assist you in your site selection for an office location. If we provide Leasing Guidelines, you must follow the Leasing Guidelines.

2. Site Selection Package Submission and Approval. You must submit to us, in the form specified by us, a copy of the site plan for the office location and such other information or materials as we may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We have fifteen (15) days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site for the office location by written notice to your within said fifteen (15) days such site shall be deemed approved by us.

3. Lease Responsibilities. Within thirty (30) days of site approval by us, you must provide us a copy of the proposed lease agreement for the office location. Our approval of any lease is conditioned upon inclusion in the lease of the Rider to Lease Agreement attached hereto as Schedule 1. However, we are not responsible for review of the Lease for any terms other than those contained in the Rider to Lease Agreement.

4. Site Evaluation Services. We have the right, but not the obligation, to perform any on-site evaluation as we may deem advisable. If on-site evaluation is deemed necessary and appropriate by us (on our own initiative or at your request) for any Franchised Business to be established, you must reimburse us for all reasonable expenses incurred by us in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

5. Approved Location. After the office location for the Franchised Business is approved by us pursuant to Section 2 hereof and leased or acquired by you pursuant to Section 4 hereof, the location shall constitute the "Approved Location" as referenced in the Franchise Agreement. The Approved Location shall be specified on a separate piece of paper and be attached hereto as Schedule 2 hereto, which shall become a part the Franchise Agreement.

6. Ratification. This Site Selection Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly sign and deliver this Site Selection Addendum on the date first above written.

FRANCHISEE:	FRANCHISOR:
_____	BRITISH SWIM SCHOOL FRANCHISING, LLC
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

SCHEDULE 1 TO THE SITE SELECTION ADDENDUM

RIDER TO LEASE AGREEMENT

This RIDER TO LEASE AGREEMENT (the "Rider") is executed as of the _____ day of _____, 20___, by and between _____, a _____ (the "Landlord"); and _____, a _____ (the "Tenant" or "Franchisee"), as a rider, modification and/or addendum to that certain "_____", dated _____, 20 ____, by and between Landlord and Tenant (the "Lease"), for premises located at _____ (the "Premises").

WHEREAS, Tenant is a franchisee of British Swim School Franchising, LLC, a Delaware limited liability company (together with its successors and assigns, the "Franchisor"), and Tenant intends to operate a franchised "British Swim School" business (the "Franchised Business") from the Premises;

WHEREAS, if a Franchised Business will be operated from the Premises, Tenant is required by agreement with Franchisor (the "Franchise Agreement") to include certain terms in the Lease; and

WHEREAS, Landlord and Tenant desire for the required terms to be included in the Lease, as set forth herein;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. This Rider is hereby made a part of, and incorporated into, the Lease. In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth elsewhere in the Lease, the terms and conditions set forth within this Rider shall govern and control.

2. The Franchised Business may be operated in and from the Premises. So long as the Franchised Business is operated in or from the Premises, and/or Franchisor's marks, designs, logos and/or other proprietary materials are used or stored in/on the Premises, no other use may be conducted in/on the Premises without the Franchisor's prior written consent. The foregoing rights granted to Tenant shall be subject to compliance with applicable laws and regulations. Nothing herein shall negate or waive any indemnification obligations of Tenant set forth in the Lease.

3. Subject to compliance with applicable laws and regulations, and any recorded restrictions encumbering the Premises, Tenant shall have the right to utilize Franchisor's standard signage and other proprietary marks, designs, logos and identification on the exterior, and within the interior, of the Premises.

4. Landlord's consent to an assignment of the Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant's assets or business, or an assignment or sublet, to Franchisor, or any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another franchisee of Franchisor. Landlord shall approve as an assignee or subtenant any person or entity who has become a transferee of the Franchise Agreement as a result of a merger, reorganization or sale of all or substantially all of Tenant's assets. Tenant shall also have the right, without the consent of Landlord, to assign this Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant

owns or beneficially controls a majority of the issued and outstanding shares of capital stock or units of interest of the company or is the managing general partner of the partnership.

5. Landlord agrees to send copies to Franchisor of any and all demand letters, default notices or other similar notices of non-compliance (individually and collectively, the "Notice") that Landlord sends to Tenant. Copies of the Notice, which shall be sent simultaneously with the Notice sent to Tenant, shall be sent to Franchisor at the following address: 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. Franchisor may change its notice address at any time, by providing a change of address notice to Landlord (to be sent to Landlord's notice address set forth in the Lease). In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon written notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Lease.

6. The Lease may not be modified, amended, renewed, extended or assigned by Tenant without Franchisor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Tenant hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Tenant's rights, title and interest to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal and Franchisor has notified Landlord in writing of the same within thirty (30) days of the occurrence of the same; and (b) Franchisor notifies Tenant and Landlord in writing that Franchisor expressly assumes Franchisee's obligations under the Lease. Notwithstanding any provision herein or elsewhere in the Lease to the contrary, Franchisor's assumption of Tenant's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant. It is further agreed that Franchisor may assign the Lease or sublet the Premises to a franchisee of Franchisor for use as a Franchised Business. Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Lease.

8. Landlord waives any and all claims and liens that it may now or hereafter have against and/or encumbering anything in or on the Premises (or used by Tenant in connection with the Franchised Business) that contains or constitutes Franchisor's marks, designs, logos and/or other proprietary materials.

9. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement and/or Lease expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the Premises as a Franchised Business, and to remove all of Franchisor's marks, designs, logos and other proprietary materials from the Premises. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees, agents and contractors, to enter and remove signs, decor and materials bearing or displaying any marks, designs, logos and/or proprietary information of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises and remove the aforementioned items promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification and removal to be completed at Tenant's sole cost and expense.

10. Franchisor is a third party beneficiary under this Rider. References to the Lease and the Franchise Agreement include all amendments, addenda, extensions and renewals to such documents. References to the Landlord and Tenant shall include the successors and assigns of each of the parties as permitted under the Lease. This Rider shall be binding upon and burden Landlord, Tenant and their respective successors and assigns.

LANDLORD: **TENANT:**

_____ _____

By:_____ By:_____

Its:_____ Its:_____

SCHEDULE 2 TO THE SITE SELECTION ADDENDUM

APPROVED LOCATION

The Approved Location of the Franchised Business is:

_____

_____

_____

Date: _____

EXHIBIT O

GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with British Swim School Franchising, LLC ("British Swim School") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges British Swim School and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT P

RECEIPTS

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If British Swim School Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, British Swim School Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires British Swim School Franchising, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If British Swim School Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

The name, principal business address and telephone number of each franchise seller offering the franchise is:
Ashley Gundlach, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Kevin Wilson, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Brian Garrison, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Austin James, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Dave Warn, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Chris Davenport 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Matthew Karahalios, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Rita Iglesias, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253

Issuance Date: April 5, 2023

I received a disclosure document dated TBD, 2023, which included the following exhibits:

Exhibit A	Franchise Agreement and State Amendments
Exhibit B	Area Development Agreement and State Amendments
Exhibit C	Financial Statements
Exhibit D	List of Current and Former Franchisees
Exhibit E	List of State Administrators and Agents for Service of Process
Exhibit F	Franchise Disclosure Questionnaire
Exhibit G	Operations Manual Table of Contents

Exhibit H	Franchise Disclosure Document State Addenda
Exhibit I	Contracts for use with the British Swim School Franchise
Exhibit I-1	Sample System Protection Agreement
Exhibit I-2	Sample Confidentiality Agreement
Exhibit J-1	Promissory Note
Exhibit J-2	Guaranty Agreement
Exhibit J-3	Security Agreement
Exhibit K	Authorization Agreement for Prearranged Payments
Exhibit L	Telephone Number Assumption Agreement
Exhibit M-1	Transfer and Release Agreement
Exhibit M-2	Escrow Agreement
Exhibit M-3	Commission Agreement
Exhibit N	Site Selection Addendum
Exhibit O	General Release
Exhibit P	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If British Swim School Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, British Swim School Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires British Swim School Franchising, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If British Swim School Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

The name, principal business address and telephone number of each franchise seller offering the franchise is:
Ashley Gundlach, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Kevin Wilson, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Brian Garrison, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Austin James, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Dave Warn, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Chris Davenport 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Matthew Karahalios, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253
Rita Iglesias, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 215-4253

Issuance Date: April 5, 2023

I received a disclosure document dated TBD, 2023, which included the following exhibits:

Exhibit A	Franchise Agreement and State Amendments
Exhibit B	Area Development Agreement and State Amendments
Exhibit C	Financial Statements
Exhibit D	List of Current and Former Franchisees
Exhibit E	List of State Administrators and Agents for Service of Process
Exhibit F	Franchise Disclosure Questionnaire
Exhibit G	Operations Manual Table of Contents
Exhibit H	Franchise Disclosure Document State Addenda

Exhibit I	Contracts for use with the British Swim School Franchise
Exhibit I-1	Sample System Protection Agreement
Exhibit I-2	Sample Confidentiality Agreement
Exhibit J-1	Promissory Note
Exhibit J-2	Guaranty Agreement
Exhibit J-3	Security Agreement
Exhibit K	Authorization Agreement for Prearranged Payments
Exhibit L	Telephone Number Assumption Agreement
Exhibit M-1	Transfer and Release Agreement
Exhibit M-2	Escrow Agreement
Exhibit M-3	Commission Agreement
Exhibit N	Site Selection Addendum
Exhibit O	General Release
Exhibit P	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to British Swim School Franchising, LLC, 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 and (757) 494-4505.

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No.:_____
(Insert file number of immediately preceding filing of Applicant)

State: **Wisconsin** Fee: **$400**

APPLICATION FOR (Check only one):

X INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

_____ RENEWAL APPLICATION OR ANNUAL REPORT

_____ PRE-EFFECTIVE AMENDMENT

_____ POST-EFFECTIVE AMENDMENT

1. Full legal name of Franchisor: **British Swim School Franchising, LLC**

2. Name of franchise offering: **British Swim School**

3. Franchisor's principal business address: **2829 Guardian Lane, Suite 100**
Virginia Beach, VA 23452

4. Name and address of Franchisor's agent in this state authorized to receive service of process:
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705

5. The states in which this application is or will be shortly on file:
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:
Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
150 W. Main Street, Suite 2100
Norfolk, VA 23510-1665
T: (757) 624-3306
F: (888) 360-9092
E: njharrell@kaufcan.com

CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of April 5, 2023, attached as an exhibit, and that all material facts stated in those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Norfolk, Virginia, April 5, 2023.

FRANCHISOR:

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: _____
Name: Ashley Gundlach
Title: President

(Seal)

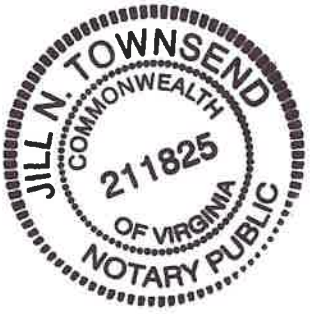
COMMONWEALTH OF VIRGINIA)
) ss.
CITY OF NORFOLK)

Personally appeared before me this 5th day of April, 2023, the above-named Ashley Gundlach to me known to be the person who executed the foregoing application (as President of the above-named applicant) and, being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

_____
Jill N. Townsend, Notary Public

My Commission Expires: 02/28/2025

Registration Number: 211825



UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

British Swim School Franchising, LLC, a limited liability company organized under the laws of the State of Delaware (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. It is requested that a copy of any notice, process or pleading served this consent be mailed to:

☒ California: Commissioner of Corporations

☒ Hawaii: Commissioner of Securities

☒ Illinois: Attorney General

☒ Indiana: Secretary of State

☒ Maryland: Securities Commissioner

☒ Minnesota: Commissioner of Commerce

☒ New York: Secretary of State

☒ North Dakota: Securities Commissioner

☒ Rhode Island: Director, Department of Business Regulation

☒ South Dakota: Director of the Division of Insurance

☒ Virginia: Clerk, Virginia State Corporation Commission

☒ Washington: Director of Financial Institutions

☒ Wisconsin: Administrator, Division of Securities, Department of Financial Institutions

Please mail or send a copy of any notice, process or pleading served under this consent to:

Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
150 W. Main Street, Suite 2100
Norfolk, VA 23510

Dated: April 5, 2023.

FRANCHISOR:

BRITISH SWIM SCHOOL FRANCHISING, LLC

By: Ashley Gundlach
Name: Ashley Gundlach
Title: President

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

Category	Costs
Real Estate	$ 0
Improvements	$ 0
Equipment	$ 0
Inventory	$ 0
Training	$4,000
Other (describe)	
Advertising	$2,000
Marketing Materials	$ 0
Sales Commissions	$ 0
Screening Costs	$ 500
Legal Costs	$ 500
Website Modification	$ 0
Software Setup Fee	$ 0
Totals	$7,000

2. State separately the sources of all required funds:

Working capital

Initial Franchise Fee

Mailer Set-up Fee

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

Wall, Einhorn & Chernitzer, P.C. consents to the use in the Franchise Disclosure Document issued by BRITISH SWIM SCHOOL FRANCHISING, LLC ("Franchisor") on April 5, 2023, as it may be amended, of our report dated March 15, 2023, relating to the financial statements of Franchisor as of December 31, 2022.

ACCOUNTANT: Wall, Einhorn & Chernitzer, P.C.

By: Joanna G. Brumsey

Name: Joanna Brumsey

Title: Shareholder

Date: April 5, 2023

P: 757.625.4700 F: 757.625.0527 www.wec.cpa
150 West Main Street, Suite 1200 Norfolk, Virginia 23510
Independently Owned Member of CPAmerica International
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants