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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



G.B. TOKANI, INC.
(a Delaware corporation)
747 Hyde Park Road, Suite 230
London, Ontario, Canada N6H 3S3
1-844-475-7323
info@gradepowerlearning.com
<http://gradepowerlearning.com>

You will operate a business which provides educational services and products.

The total investment necessary to begin operation of a GradePower Learning franchised business is approximately from \$99,800 to \$270,500. This includes approximately \$47,400 to \$60,000 that must be paid to us or our affiliates.

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

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

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

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

Issuance Date: March 1, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION (AND IN CERTAIN CASES LITIGATION) ONLY IN LONDON, ONTARIO, CANADA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY ENCOURAGE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN OUR HEADQUARTERS CITY THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. YOU MUST MAKE MINIMUM ROYALTY PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

5. THE FRANCHISOR IS IN THE EARLY STAGES OF DEVELOPMENT AND HAS LIMITED EXPERIENCE WITH FRANCHISING. THEREFORE, THIS FRANCHISE OPPORTUNITY PRESENTS MORE RISK THAN THAT OF A COMPANY WITH A LONGER OPERATING HISTORY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Certain state laws may supersede these provisions. See State Addenda in Exhibit A for a summary of some of these laws.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

State Effective Dates: See Next Page

Effective Dates for Registration and Notice States:

The following states require that the Franchise Disclosure Document (FDD) be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan (notice filing without FDD), Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	_____
Illinois:	_____
Michigan:	_____
Minnesota:	_____
New York:	_____
Virginia:	_____

Other states that may require a notice filing (without an FDD) rather than registration include Florida, Kentucky, Nebraska, Texas, and Utah, and in certain situations other states. We filed franchise notices in the following states, with the following effective dates:

Florida:	March 6, 2019
Texas:	March 6, 2017 (one-time filing)

FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

- EXHIBIT A** STATE SPECIFIC ADDENDA
- EXHIBIT B** SBA ADDENDUM
- EXHIBIT C** STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- EXHIBIT D** FRANCHISE AGREEMENT with the following attachments:
 - Attachment 1: Territory
 - Attachment 2: Individual Guaranty
 - Attachment 3: For Assignments and Renewals
 - Attachment 4: Lease Addendum
 - Attachment 5: Assignment of Telephone Numbers, Domains and Email
 - Attachment 6: Electronic Funds Transfer Authorization
 - Attachment 7: Confidentiality and Non-Competition Agreement
- EXHIBIT E** TABLE OF CONTENTS OF THE MANUALS
- EXHIBIT F** LIST OF FRANCHISEES AND CERTAIN FORMER FRANCHISEES
- EXHIBIT G** FINANCIAL STATEMENTS
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- EXHIBIT I** COMPLIANCE CERTIFICATION
- EXHIBIT J** FORM OF GENERAL RELEASE
- EXHIBIT K** RECEIPT

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

The Franchisor

In this disclosure document, "GradePower", "Franchisor", "we", "our" or "us" refers to G.B. Tokani, Inc., the franchisor. "You" or "your" refers to the person or persons, including legal entities and their owners, who buy the franchise.

G.B. Tokani, Inc. is a Delaware corporation that was incorporated on October 1, 2003. Our principal business address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. We do business under our company name, G.B. Tokani, Inc. and GradePower Learning. Our franchisees will do business as GradePower Learning.

We began offering the franchises described in this disclosure document since March 2017 and have never offered franchises in any other line of business. We do not conduct any other business activities. We do not offer franchises in any other line of business.

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

Parents, Predecessors, and Affiliates of the Franchisor

We are a wholly-owned subsidiary of G.B. Tokani Canada Enterprises, Inc., a Canadian corporation ("GBT"), whose principal business address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. GBT does not operate businesses similar to those operated by our franchisees, and does not offer franchises in any other line of business.

We acquired substantially all of the assets of the GradePower franchise system, including the GradePower trademarks and all existing U.S. GradePower franchise agreements, from our predecessor, Oxford Group International, LLC, a New York limited liability company ("OGI"), effective as of June 30, 2016 (the "Acquisition"). OGI began offering GradePower franchises in January 2012 and did not offer franchises in other lines of business. Before the Acquisition, OGI's principal place of business was 61 Executive Boulevard, Farmingdale, New York, 11735, and was owned 50% by our parent, GBT, and 50% by RWT Enterprises, Inc., ("RWT") a New York corporation whose business address was 61 Executive Boulevard, Farmingdale, New York 11735. GBT and RWT plan to dissolve OGI.

OGI's predecessor in the United States was Learning Centers of America, Inc., a Delaware corporation ("LCA"), whose then principal business address was 97B South Livingston Ave., Livingston, New Jersey 07039. LCA was a wholly owned subsidiary of OGI, described below. LCA offered Oxford Learning franchises in the United States from 2001 through 2009. LCA was dissolved as of March 31, 2011.

In this disclosure document the word "affiliate" means an entity controlled by, controlling, or under common control with, another entity, and includes parents and subsidiaries. The word "person" means an individual, group, association, partnership, or entity.

We currently have the following three affiliates that are either offering franchises, or are providing products or services to our franchisees:

Oxford Learning Centres, Inc. is a Canadian corporation formed on March 11, 1987, ("OLC"), whose address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. OLC has experience in the supplemental education industry in Canada which was formed in 1984 and incorporated in 1987 and has offered franchises in Canada for the type of business described in this disclosure document since 1991. As of December 31, 2017, OLC has 124 franchises and 1 company owned center operating in Canada. OLC does not offer franchises in any other line of business. OLC provides products and elements of the GradePower system as described in Item 8 to franchisees, and also provides training to franchisees. R.N. Whitehead, PhD, one of our principals and remote owners, owns an interest in OLC.

Oxford Learning International, Inc. ("OLI") is a Canadian corporation formed in August 2005, whose address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. OLI franchises Oxford Learning Centers outside of Canada and the United States, and has done so since November 1, 2005, and has granted franchises in the Bahamas, Bermuda, United Arab Emirates, Kuwait, and Qatar. OLI does not operate businesses similar to that to be operated by our franchisees, and does not offer franchises in any other line of business. OLI is owned 20% by our President, Lenka Whitehead, individually, and 80% by R.N.W. Co. Ltd., a company formed on April 29, 1982 under the laws of Ontario, Canada, whose address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. R.N.W. Co. Ltd. is owned 100% by our Chairman of the Board, R.N. Whitehead, PhD, individually. R.N.W. Co. Ltd. does not operate businesses similar to that to be operated by our franchisees, and does not offer franchises in any other line of business.

Blue Crayon, Inc. is a Canadian corporation formed on June 25, 2003, ("Blue Crayon"), whose address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. R.N. Whitehead, PhD, one of our principals and remote owners, owns an interest in Blue Crayon. Blue Crayon publishes most of the curriculum material used by us, by OLC, and by OLI. Blue Crayon owns the Trademarks and all other IP, which it licenses to GBT for use in the GradePower Learning Centers. Blue Crayon has been in the publishing business since October 10, 2006. Blue Crayon does not operate businesses similar to that to be operated by our franchisees, and does not offer franchises in any line of business.

Other than described above, neither we nor our predecessors or affiliates have operated a business similar to the franchised business being offered, or offered any franchise whether similar to the franchised business being offered or in any other line of business.

The Franchise Offered

If you qualify, we license you to operate your own GradePower Learning franchised business to provide supplemental educational services to children designed to augment a child's reading, writing and math skills, study skills and organizational skills through proven teaching methods and the use of proprietary curriculum materials. We require background checks for all franchisees and all staff in the center. We license you to use the GradePower Learning name, service marks, intellectual properties and proprietary materials within a protected geographic territory for an initial term of 10 years with renewal rights. We provide initial training for you and continue to provide operational assistance, support systems and special training programs to accommodate your developing needs. We loan you our confidential Manual that contains our proprietary method for doing business. We periodically update our Manual to include newly-developed information and operating procedures.

Typical locations for GradePower Learning centers are suburban retail locations in shopping strip malls or second floor commercial space in similar retail locations. A typical GradePower Learning center has approximately 1,200 to 1,500 square feet of floor space, although this will be dependent upon availability and cost variations. You will select your location based upon criteria found within the Manual, but we must first approve it before a lease is signed.

Competition and the Market

Your primary customers will be parents of preschool and school-aged children. The market for the type of business described in this disclosure document is developed and very competitive. Many others offer services that compete with GradePower Learning centers, including preschools, day cares, child care facilities and individual providers, persons and companies offering tutoring, tutoring centers, learning centers, exam preparation centers, and schools.

The general market for supplemental educational services includes changing and variable conditions, including: competition; cost of supplies, equipment, real estate and improvements, capital and labor; your own health and continuity of your management; your ability to implement the system; continuation of sources of supply; quality and availability of labor; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses; industry developments; pricing policies of competitors, and supply and demand. Other important general market factors are our dependence on our key personnel, the loss of whom could have an adverse effect on us; and our ability to fulfill our obligations under the franchise agreement depending in part upon our present and future financial condition. There are not guarantees of your success in such competitive and changing markets.

Education Industry Laws and Regulations

Some jurisdictions have special preschool or learning center services laws with which you will have to comply. These regulations may relate to the facility within which instruction is offered and provided, the materials and curricula used for these services, the individuals providing educational or management services, and certain administrative procedures. Most states regulate teacher certification. Other states have regulations affecting preschool and learning center services under laws governing nursery schools including but not limited to the number of hours the children may be in the center. You must investigate these laws and regulations to ensure that you are in compliance and should consult with your attorney on this subject.

The state and local laws applicable to educational facilities vary significantly from jurisdiction to jurisdiction and we do not warrant or represent that the curricula or materials supplied by us or other suppliers conform to the laws of the jurisdiction(s) in which you will operate. You should confirm with the applicable governing bodies whether these curricula or materials comply with applicable laws and regulations.

A few examples of other federal laws affecting many businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act. State and federal privacy and data protection laws may require covered companies to maintain or completely destroy documents containing certain personal information. State laws may cover the same topics as federal laws. A few examples of other state laws affecting many businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws. Local laws may cover the same topics as federal and state laws. A few examples of other local laws affecting many businesses include health and sanitation, building and zoning, fire safety, other business permits and licenses, and waste disposal.

The foregoing are examples of some, but not all of the laws that may apply to the franchised business described in this disclosure document. The franchise agreement places the responsibility for complying with all applicable laws and regulations, including labor and employment laws, upon you, the franchisee. You should research all of these laws, regulations, and requirements before you invest, and should consult with your own legal counsel.

ITEM 2. BUSINESS EXPERIENCE

Robert N. Whitehead, PhD. – Chairman of the Board

R.N. Whitehead, PhD has been our Chairman of the Board since January 2017. Prior to that he was our President and CEO since our formation in July 2016. Prior to that he was a member of the managing committee of our predecessor, Oxford Group International, LLC since its formation in May 2011. He is also the Chairman of the Board of OLC in London, Ontario, Canada, since January 2017. Prior to that he was President and CEO of OLC since its inception in 1984.

Lenka Whitehead – President

Ms. Whitehead has been our President since January 2017. Prior to that she was COO since our formation in July 2016. She is also President and COO of OLC in London, Ontario, Canada since 2002.

Dave Killinger – Accountant

Mr. Killinger has been our Accountant since our formation in July 2016. He is also the General Manager of OLC since 2007.

Pam Poole – Manager, Administration

Ms. Poole has been our Manager of Administration since our formation in July 2016. She is also the Manager of Administration for OLC since 2002.

Tracy Woods – Franchise Development and Sales

Ms. Woods has been our Franchise Development Specialist since May 2017. Prior to that she was a Franchise Performance and Growth Specialist since our formation in July 2016. She has also been the Executive Assistant to the COO of OLC since March 2013.

Marty Robertson – National Director of US Operations

Mr. Robertson has been the National Director of US Operations since January 2018. Prior to that he was a Franchise Performance and Growth Manager – US operations since our formation in July 2016. He is also has been a Performance and Growth Manager for OLC since August 2013.

The employees of our affiliate, OLC, listed above, may provide operational support as described in Item 11.

ITEM 3. LITIGATION

Pending Arbitration

Merit Strategic, LLC and Anthony Mauro v. G.B. Tokani, Inc., Oxford Group International, LLC, and Robert Nicholas Whitehead, (no case number as of the issuance date of this Disclosure Document). Plaintiffs, a franchisee and its owner, filed a Demand for Arbitration dated January 7, 2019 with the American Arbitration Association against Franchisor, OLC, and our Chairman of the Board, alleging: (1) improper termination of the franchise agreement; (2) fraudulent misrepresentation and inducement related to our Chairman's qualifications; and (3) violation of the New York Franchise Sales Act related to the same alleged conduct. Plaintiffs are seeking rescission of the franchise agreement and damages, attorneys' fees, and costs. Defendants have denied all of the allegations (including that the franchise has been terminated) and intend to vigorously defend the claims.

Past Litigation of Persons in Item 2

Matthew Baxter and 9198539 Canada Inc. v. Oxford Learning Centres, Inc., Robert Nicholas Whitehead and Lenka Marie Whitehead, Ontario Superior Court of Justice, File No. 950/17, filed April 24, 2017. The individual plaintiff, Mr. Baxter, who was a vice president of OLC, alleged claims of wrongful dismissal, breach of contract, negligent and/or fraudulent misrepresentation, bad faith, breach of duty of honest contractual performance, and breach of fiduciary duty, all related to the termination by OLC of his employment as well as the purported loss of opportunity relating to the failure to complete a prospective sale of OLC to Mr. Baxter. The corporate plaintiff, which was owned by Mr. Baxter and operated an Oxford Learning Centre franchise in the Aurora, Ontario area, (1) sought an order that it was not in default of its franchise agreement for failure to make payments, and that defendants must purchase the Aurora franchise for CDN \$450,000 or fair market value; and (2) alleged claims of breach of contract and/or violation of the statutory duty of good faith and fair dealing, and misrepresentation and/or the failure to disclose under franchise law. The parties settled all claims in November 2017 with the defendants paying the plaintiffs CDN \$100,000, purchasing the Aurora franchise from plaintiffs for CDN \$400,000, and agreeing not to enforce non-competition covenants against the plaintiffs.

Past Litigation of our Predecessor

David Gilmore, Kathleen Gilmore and Gilmore-Brady, Inc. v. Learning Centers of America, Inc., File No. 11 114 00740 09. Plaintiffs, former franchisees, filed a Demand for Arbitration dated April 24, 2009 with the American Arbitration Association against LCA alleging fraud, negligent misrepresentation, violation of the Delaware Consumer Fraud Act, the Delaware Unfair Trade Practices Act, and the Florida Deceptive and Unfair Trade Practices Act. Plaintiffs sought rescission of the franchise agreement and damages, attorneys' fees and costs. LCA denied these allegations. On July 28, 2009, the parties entered a settlement agreement in which the Plaintiff withdrew the arbitration in exchange for LCA's purchase of plaintiffs' assets for \$27,170, termination of the franchise agreement, and mutual releases.

Other than the action listed above, no litigation or other dispute resolution must be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Except as noted below, you must pay us a lump sum initial franchise fee of \$40,000 when you purchase a new center and sign a franchise agreement.

The initial franchise fee is non-refundable and considered fully earned when paid in full at closing, except as described in this Item 5. If you fail to complete our initial training

program to our satisfaction and we elect to terminate the franchise agreement, we will upon your confirmation of your post-termination obligations (including non-disclosure, non-competition, and indemnity) and mutual releases, refund all sums you have paid us less (i) the sum of \$10,000, plus any of our costs of travel and training; (ii) any commissions paid by us to a broker or agent related to the franchise agreement. In the event that you fail to open the franchised business, we will refund the cost of any new, unused, unopened items that you return, less a 5% restocking fee and all shipping charges.

In addition to the \$40,000 initial franchise fee, we require you to purchase initial equipment, furniture, software, education materials, and shipping, costing approximately \$31,000 to \$48,000, from us or another approved source before you open the franchised business. (See Items 7 and 8). These fees are deemed fully earned upon receipt and are non-refundable.

Except as disclosed in this Item 5, we charge an identical initial franchise fee to all franchisees.

ITEM 6. OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Royalty and Services Fee	10% of your monthly Gross Revenue for the 1 st through 12 th month of operation; the greater of 10% of your monthly Gross Revenue or \$1,000 per month from the thirteenth month of operation and each month thereafter	At such times and in the manner as we specify, currently before noon on the 10th day of each month	See Notes 1 and 2.
Advertising Fee	3% of your monthly Gross Revenue	At such times and in the manner as we specify, currently on or before the 10th day of each month	We maintain and administer an advertising and promotion fund. See Item 11 for additional details.

Name of Fee	Amount	Date Due	Remarks
Multi-Area Marketing, Local Marketing, or Marketing Cooperatives	Amount we designate, not to exceed the greater of \$20,000 per year or 9% of Gross Revenue	At such times and in the manner as we specify, or as required by any cooperative	See Item 11 regarding our right to require participation in multi-area marketing programs or in regional marketing cooperatives. Outlets owned by us or our affiliates will contribute on the same basis as franchisees. See Note 3.
Transfer/Training Fee	40% of the then current initial franchise fee (currently \$16,000), plus reasonable legal expenses and other fees and charges incurred by us in connection with such transfer	At the time of transfer	Payable if you transfer your franchise. You must obtain our prior approval.
Management Information System Fee	Amount we designate, currently \$125 per month	At such times and in the manner as we specify, currently on or before the 10th day of each month	Monthly fee for use of our MIS; we may change the fee periodically in our sole discretion, upon 30 days' notice.
Relocation Fee	Our out-of-pocket expenses incurred in considering request for approval for relocation, up to a maximum of \$2,500	Within 10 days after invoice	Payable if you relocate your franchised business. You must obtain our written approval before any relocation.

Name of Fee	Amount	Date Due	Remarks
Additional Initial Training Trainee Fee	Amount we designate, currently \$300 per person per day, plus costs of travel, food, accommodations and other costs of the trainer, at a location designated by the Franchisor	Upon demand	Upon your request, and depending on availability, we will provide initial training to more than three persons. We can change this fee as we reasonably determine.
Additional or Advanced Training	Amount we designate, currently \$500 per day per number of trainers, plus all travel, food, accommodations and other expenses for all trainees	Upon demand	In our discretion, additional or advanced training may be required, for example, if you add or change key staff, or you are underperforming.
Onsite Training Fee	Amount we designate, currently \$5000 per week for training at the Franchised location plus the cost of travel and living expenses of the trainer	Upon demand	In our discretion, initial or additional training may be completed at your center.
Renewal Fee	40% of the then current initial franchise fee	Upon execution of the then current franchise agreement.	Payable if approved by us to renew your rights under the franchise agreement.
Taxes	Amount assessed to us by federal, state or local tax authorities on any payments you make to us	As incurred	Includes sales, gross receipts, excise, use and similar taxes, but not income or franchise taxes.
Audit Fee	Cost of audit	Upon billing after audit	Payable only if an audit reveals that you have under-reported as described in Note 4 below.

Name of Fee	Amount	Date Due	Remarks
Interest	18% per annum or maximum lawful rate (if less)	Upon demand	Payable if any fees or payments that are due to us are not paid when due.
Late Payment Fee	\$50.00 or the maximum late charge allowed by applicable law, whichever is less	As incurred	Must pay fee for each overdue payment and for each payment our bank refuses to honor for any reason.
Damages, Liquidated Damages, Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the franchise agreement causes us to incur damages or expenses, or if we prevail in arbitration or litigation. You pay liquidated damages of \$500 per day for each day you continue to operate the franchised business using our marks or systems, after expiration, termination, or transfer.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims by others arising out of or relating to your franchised business or your operations. See Note 5.

Name of Fee	Amount	Date Due	Remarks
Upgrading, Modernization and Maintenance Costs	Your costs and expenses which will vary, but are estimated at from \$500 to \$5,000 every 5 years; \$10,000 or more for a major upgrade and modernization	As incurred	You must continually maintain, and must modernize, upgrade, refurbish or remodel your premises building, signs, and equipment, at your cost every five years, and three months before the time of renewal to our specifications. You must maintain, and upgrade annually Computer Systems (defined in Item 8), as we may prescribe.
Management Fees if we must operate your facility as a result of your default or other circumstances where trained certified staff are not present.	Our expenses, plus reasonable compensation per franchised business per day	Upon Demand	We may operate one or more of your franchised businesses if you are in default. (See Section 7.10 of franchise agreement).
Payments for Mandatory Goods, Services and Programs including but not limited to curriculum	Varies	Upon purchase or billing	See Note 6.
Ongoing Curriculum costs	2-4% of sales	Upon purchase	Cost is incurred to replace used curriculum.

The above table describes other recurring or isolated fees or payments that you must pay to us or our affiliates or which we uniformly impose or collect for a third party. These fees are not subject to imposition or modification based on the vote of any franchisee cooperative. Unless otherwise indicated, all fees are non-refundable and are

uniformly imposed by, payable to, and collected by us. All funds to us must be paid in US Dollars.

Notes:

Note 1: In the past, due to economic downturns and other factors we have charged a royalty of 8% to a few franchisees. We do not anticipate varying our royalty going forward.

Note 2: If you purchase a new franchise, the royalty begins the first day that you begin business as deemed by us and continues throughout the duration of the franchise. "Gross Revenue" means all earnings (whether collected or billed or not) for goods or services by you or your agents or affiliates from the business premises, or connected in any way to the System or Marks (defined in Item 13), including all auxiliary services requested by clients, promotional items and merchandise, including any offsite services provided. Gross Revenue includes the amount of all sales lost by the interruption of business and which is the basis upon insurance being paid as business interruption insurance, and any other compensation in respect of loss of business. Gross Revenue shall include the portion of fees paid in advance for regular scheduled classes in the month. The calculation of Gross Revenue shall not include sales tax receipts that you must by law collect from customers and that you have paid to the government. The following shall be deducted from the calculation of Gross Revenue (i) any discounts given to clients on account of the purchase of any goods or services through the use of coupons or other promotions or allowances approved by us, provided the sale upon which the discount is given was recorded at full value in calculating the Gross Revenue; (ii) the amount of any cash refunded to a client on account of the return of any goods provided that the amount refunded with respect to that merchandise was originally included in calculating Gross Revenue; (iii) the unearned portion of any fees previously recorded that have been refunded or credited due to student cancellation or expulsion. Each sale of goods or services made upon installment or credit shall be treated as a sale at the full price at the time the goods or services are delivered or provided, irrespective of the time when you receive payment. No allowances shall be made for bad debts.

Note 3: Currently we have implemented one multi-area marketing program that all franchisees must participate in, called the Head Office Assisted Advertising Program (HAAP). At present HAAP is a digital marketing program intended to improve franchisee online presence and inquiries in the local digital marketplace. Under HAAP, franchisees must contribute an amount we designate, not to exceed 9% of Gross Revenue or \$20,000.00 per year, whichever is greater. The HAAP initiative is part of the required spend on local marketing. We currently calculate the HAAP fee in January of each year and notify franchisees; twelve equal payments payable to the Head Office are due on the 15th of each month.

Note 4: Any such examination shall be at our expense unless (i) the exam is necessitated by your failure to fully report or keep records pursuant to the franchise agreement or the Manual, or (ii) the exam discloses that you have understated your

Gross Revenue by an amount in excess of 3%; (iii) if more than 5 students are not registered in the MIS; or (iv) you fail to pay your required royalty. In that event, you shall pay the expense of the examination upon demand including, without limitation, the fees and disbursements of any independent accountant or accounting firm, its employees or representatives. Audit costs may vary from \$0 (if understatement less than 3% to more than \$20,000 (in the case of extremely bad accounting practices.)

Note 5: You must protect, indemnify and hold us harmless against any claims or losses arising out of the operation of the franchised business. If you default under the Agreement or any other agreement between us, and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. See Section 5.12 of the franchise agreement.

Note 6: We may develop mandatory services, goods, curriculum and multi-area marketing programs. Currently you must buy your curriculum and assessment materials, furniture, some advertising materials and the management information system software from us, our affiliate, or our designee. The cost of these items will vary depending on your revenues and number of customers. Generally, items purchased from us are paid F.O.B. and C.O.D. (you pay for freight, insurance and materials before shipping.) You also should consider the potential effect of inflation on future costs.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽¹⁾	\$40,000	Lump sum	Upon signing franchise agreement	Us
Furniture, Equipment and Software ⁽²⁾	\$13,500 - \$18,000	As incurred	Before opening	Us or vendors
Leasehold and Improvements ⁽³⁾	\$0 - \$100,000	As incurred	Before opening	Landlord and vendors
Lease and Utility Deposits ⁽⁴⁾	\$2,000 - \$12,000	As incurred	Before opening	Landlord and utility companies
Literature, Education Materials ⁽⁵⁾	\$9,000 - \$12,000	As incurred	Before opening	Us and vendors
Office Supplies	\$2,500 - \$4,000	As incurred	Before opening	Local office supply vendor

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Professional Pre-Opening Fees ⁽⁶⁾	\$1,000 - \$5,500	As incurred	Before opening	Third parties
Sign ⁽⁷⁾	\$1,000 - \$10,000	As incurred	Before opening	Vendors
Shipping	\$2,500 - \$10,000	As incurred	As incurred	Us or vendors.
Travel and living expenses per person during training ⁽⁸⁾	\$2,300 - \$4,000	As incurred	Before opening	Vendors
Insurance ⁽⁹⁾	\$1,000 - \$5,000	As incurred	Before opening	Insurance companies
Additional Funds for First 6 Months ⁽¹⁰⁾	\$25,000 - \$50,000	As incurred	As incurred	Various vendors, employees, professionals, etc.
TOTAL	\$99,800 - \$270,500			

All fees and payments are non-refundable, unless otherwise stated or permitted by a third-party supplier.

The above table lists the major initial expense categories for a typical franchised business and estimated costs. These amounts are estimates only, and specific amounts will vary depending upon local market conditions, which are outside our control, and upon your choice of suppliers and locations. Your costs will also depend on how closely you follow the GRADEPOWER system standards, your management skill, local economic conditions, acceptance by local consumers, prevailing wage rates, competition and other factors. Any applicable taxes are not included in these estimates. We cannot guarantee that your costs will not be higher. You should review the figures carefully with a business advisor before making any decision to purchase the franchise.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, local market conditions, and unforeseen events (such as storms, fire, traffic disruptions, technology problems, zoning ordinances, local government requirements and strikes), which can be highly variable and can result in substantial, rapid and unpredictable increases in costs.

We occasionally may sell an operating company-owned business, and when doing so, we may charge for goodwill, other intangibles, and other items that add value to an existing ongoing business. Franchisees may also sell their existing businesses. These

amounts are not included in this disclosure document as they vary, are specific to any operating unit to be sold, and are difficult to predict. In our preceding fiscal year we did not sell any U.S. company units.

The availability and terms of third-party financing depend on a number of factors, including availability of financing generally, your creditworthiness and available collateral, lending institutions' policies concerning the type of business you operate, and other comparable elements. We are not able to estimate your loan repayments to third parties.

If you develop multiple franchised businesses, you will incur these expenses for each of the businesses.

To compile these estimates, we relied on our predecessor's experience and its affiliated franchisees in operating similarly situated centers.

We do not offer financing directly or indirectly for any part of the initial investment, but we may be able to suggest sources for financing.

Notes:

Note 1. Initial Fee. The initial franchise fee is \$40,000 for one franchise, and any variations are described in Item 5.

Note 2. Furniture, Equipment and Software. Includes furniture required for the franchised business, Computers Systems (may be financed) (except for Management Information System software which is licensed separately), fax machine and other equipment as specified in the Manual. Office furniture and shipping is not included.

Note 3. Leasehold and Improvements. The amounts are estimates only. Annual gross rent for a typical location may range from \$15 to \$80 per square foot or more. Most landlords will require you to pay the rent on monthly basis, on the 1st day of each month. Typical leases for our learning centers are for a 5-year term. Actual costs of real estate and improvements may be higher as costs for construction and leasehold improvements can vary substantially depending on the condition and size of the premises, the state or city you locate in and the landlord's willingness to contribute to these costs. The construction, leasehold improvements and any other alterations to the premises are done through vendors of your choosing and their costs largely depend on various factors directly pertaining to the specific premises. Typically, these costs are paid as incurred and are not refundable. In some cases, these costs may be rolled into the cost of the rent and paid for over the duration of the lease. It is also possible to negotiate with the landlord to pay these costs. You may be required to obtain certain licenses or permits for construction, operation and occupancy. There may be a fee charged for them. These types of fees are generally not refundable. A typical size of location is 1200 – 1500 square feet.

We must approve your location, prior to your signing a lease, but the selection and lease negotiation of the premises are your sole responsibility. You should confirm zoning of the location prior to signing any document. We require a number of mandatory provisions in your lease agreement, and you and your landlord must sign an addendum to your lease in the form attached to the franchise agreement, or other form that we approve. During the entire term of your franchise agreement, you must have a space or location approved by us.

Note 4. Lease and Utility Deposits. Landlords may require first month's rent in advance and security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, and electricity and related utility services. A typical lease security deposit will be an amount equal to one month's rent. A typical utility security deposit is one month's expense. These deposits may or may not be refundable according to the conditions of the agreements made with the utility companies and landlord.

Note 5. Literature, Education Materials. The amount for inventory includes educational inventory such as proprietary curriculum, workbooks and other materials necessary to operate a GradePower Learning center. All materials are detailed in the Manual.

Note 6. Professional Pre-Opening Fees. We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your franchised business, to help you set up a business entity, to review and negotiate your lease, and for whatever other purpose you deem appropriate. You may also hire a lease consultant, an accountant, and other professionals. You will pay your own legal and other expenses in connection with the review and negotiation of your lease.

Note 7. Signs. The cost of signage and graphics varies depending on various factors, including number of exterior signs, size of exterior signage, illumination requirements, internal wall heights, size of premises, floor plan and configuration, and landlord design criteria. You will purchase your signs from vendors of your choice, but all signs must conform to the specifications provided in the Manual. You must obtain our final design approval in writing before the vendor begins work on the sign. Landlords and municipalities may impose certain requirements and restrictions on your signs. You should check these before you sign a lease or an offer to lease.

Note 8. Travel Expenses. You must make arrangements and pay the expenses for you and your staff to attend our training program, including transportation, lodging and meals. See Item 11 for more information on training. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The high figure represents the estimated cost of airfare travel to and from the training locale, lodging expenses (assuming double occupancy), and dining expenses one person to attend eight days of training. The low figure assumes the three individuals will carpool from home to the training locale in the same vehicle, and includes fuel costs, lodging expenses (assuming double occupancy), and dining

expenses. Your designated manager and education director must complete the initial training program to our satisfaction.

Note 9. Insurance. The amount shown is an estimate of annual premiums for insurance that we specify. The actual cost will vary depending on various factors such as the size of your business, the region it is located in, your prior claims record, and whether you elect to purchase additional coverage. Third parties, such as landlords, government requirements, and insurers, will have their own requirements. Their requirements and ours will change over time. You must maintain the minimum insurance described in our then-current insurance requirements and written by an insurance company satisfactory to us. Each policy shall name us as an additional insured, and shall state that the policy cannot be cancelled without 30 days' prior written notice to us. You must submit to us a copy or certificate or other acceptable proof of your required insurance.

Note 10. Additional Funds. This amount is an estimate of the additional miscellaneous ongoing expenses and the estimated royalty payable over and above your ongoing expenses involved during the first 6 months of operation. This estimate does not include any salary, finance costs, debt service payments or other payments to you. No earnings claim is implied. You will need capital (or cash flow from other sources) to support ongoing expenses, such as payroll, utility costs, wages, taxes, accounting and other professional services, overhead, and other miscellaneous expenses to the extent these costs exceed your revenues from the franchised business. These figures are just estimates and we cannot guarantee that you will not have higher costs or other expenses, or that you will ever achieve profitability. If you are not profitable or have low net cash flow (for example, because of low sales, high costs, or high debt service), you will need more additional funds. As described in these footnotes, actual costs will depend on factors such as: the number of employees you will have; your management skill, experience, and business acumen; economic conditions; the local market; prevailing wage rates; and competition.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases or Leases; Required and Approved Suppliers. All products and services you use in connection with your franchised business must meet the then-current standards as specified by us in the Manual or otherwise in writing. You must purchase certain products and supplies from us or approved vendors specified by us. We or our affiliates are the only approved vendor for curriculum materials, furniture, some advertising materials and the management information system software. Except as stated above, we and our affiliates are not currently an approved vendor for any other items.

You must offer and sell only those products and services that are specified by us. In particular, you must purchase from us or from our approved vendors, all testing materials, instructional materials, student progress books, business forms, QuickBooks Online, checklists, report forms, books, manuals and other GradePower Learning products including all tutorial, remedial and enrichment instruction programs, all

preparation courses and materials and all other products and services related to those programs and courses. You must license from us or our affiliates the management information system software. You must comply with our requirements concerning the introduction of any new or different products or service offered by you for sale.

You must acquire computers, mobile smart devices, smart processors in hardware including point of sale devices, software and related hardware, accounting systems and a payroll system, and systems to access the Internet and to communicate remotely, all as we specify (collectively, the "Computer Systems"), at a cost described in Items 7 and 11. As used in the disclosure document, the term "Internet" means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or social media; or wikis, podcasts, online content sharing communities, or blogging.

You must also purchase from us or our designee any multi-area marketing programs, including regional and national accounts programs; marketing to multi-area customers; Internet marketing; events; directories; affinity marketing; vendor programs; membership, loyalty and gift card programs; daily deal sites; online sales initiatives; contest and awards; and co-branding programs, that we develop in the future. We may be the only approved supplier of these programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment to us for products sold, commissions or referral fees), and adherence to pricing to the extent permitted by law.

We may offer or designate others to offer certain supplies or services (including marketing materials, grand opening marketing, site selection services, and construction management services), and our affiliates or we may become approved suppliers or the only approved suppliers for other goods and services.

R.N. Whitehead PhD. owns an interest in Blue Crayon, as described in Item 1. Blue Crayon is the approved supplier of curriculum material used by our franchisees, as described in Item 1. Blue Crayon owns ChainSync, which owns the Management Information System that is used by our parent and by our franchisees. It is licensed to us from Blue Crayon for use by our franchisees. There are no other approved suppliers in which any of our officers owns an interest.

How We Issue Supplier Approvals. We base our specifications and standards on our discretionary determination of quality, value and appearance. There are no written criteria for supplier approval, and we need not approve your supply sources, other than those purchases from us or our designees, described in this Item 8 above. We will respond to a written request for supplier approval within a reasonable time, normally with 30 days of its receipt. We may require suppliers to provide certain information, sign

a non-disclosure agreement, guarantee our level of quality, and produce sufficient samples to allow us to test the sample at your expense. If you request us to approve a new supplier, there is no fee for supplier approval unless we require third-party testing, in which case you will pay the actual cost of the tests. We may revoke our supplier approval at any time. We may issue standards and specifications to you in manuals or directives, in writing or electronically, and we may modify them at any time.

We do not otherwise specify or approve your suppliers.

Our Specifications and Standards. To maintain uniform standards of quality, appearance, teaching, Lesson Planner Reviews, customer service standards, and marketing, it is essential that you conform to our standards and specifications. Our specifications are in our Manual. Therefore, you must conform all of your leases, fixtures, goods, services, inventory, equipment, Computer Systems, advertising, marketing, trademark usage, trade dress, suppliers, and materials required for the operation of the franchised business, to our standards and specifications. We expect that changes to technology, laws and markets will result in changes that we will make to our standards and specifications, and to our franchise system.

You are solely responsible for your own operations and employees, including hiring, firing, discipline, and other employment practices. You are solely responsible for monitoring and enforcing our franchise system standards within your business, including all communications with your employees and agents. If we provide you forms or practices, you are solely responsible for ensuring that your forms and practices comply with local laws or other laws applicable to your business. You are responsible for ensuring that your employees are properly trained and certified to use our system. Any changes made by you to the franchise systems must be pre-approved by us in writing, and will generally only be approved to the extent necessary to comply with applicable law. You must notify your employees in writing that you are their employer, and that we are not their employer or a joint employer, and provide us with a signed acknowledgment in a form that we approve from each employee before that employee starts to work for you.

Because the reputation of our trademarks and the franchised business depends on a uniform high quality of products and services, you may sell only approved products and services, and you must sell all products and services that we authorize. You must purchase all such goods and services, from approved or designated sources. You must follow our trademark and copyright usage directions, and you must participate in and cooperate with our multi-area marketing programs.

Payments from Suppliers and from Sales to You.

A. Payments from Suppliers. Our suppliers currently do not pay us or our affiliates any money, but they may in the future, in the form of license fees, commissions, promotional fees, advertising allowances, rebates, our annual convention promotions, or other payments.

B. Revenue from Sales by Us or Affiliates to You. Our affiliates or we, as generally described above, may derive revenue, profit, or markups from sales or leases to you for goods or services that we or our affiliates supply. These amounts are described in the next section.

C. Amounts of These Payments from Suppliers and from Sales to You. In our last fiscal year, we derived revenues from the sales of products and services to franchisees in the approximate amount \$180,700, representing approximately 19% of our total revenues of \$962,300.

Extent of Required Purchases Compared to Your Total. Excluding the initial franchise fee, we estimate that the amount of your initial purchases from us or our affiliates and from suppliers approved by us represents between 20% and 35% of the total initial purchases for the establishment of your franchised business. During the operation of the franchised business, required purchases or leases from us or our affiliates, or that we specify are estimated to be approximately 4% of your annual operating expenses. Because we do not monitor our franchisees' total operating expenses, these estimates are based on total operating expenses of our affiliates' corporate owned centers, which may differ from your franchised business.

Cooperatives and Associations. There are no franchise purchasing or distribution cooperatives.

Warranty and Customer Service. You must honor customer warranties from us and our affiliates. You must not make any unauthorized guarantee or warranty, or misrepresent or omit to state any warranty or guarantee that we authorize in writing. We are not liable for any guarantee or warranty you make to a customer or other third party, unless we have agreed in writing to make that specific guarantee or warranty.

Negotiated Prices. We do negotiate purchase arrangements with certain suppliers for the benefit of franchisees.

Material Benefits. We do not provide any material benefits to you based solely on your use of designated or approved sources, other than that you will not be in default, will be able to renew or transfer, and will have the intangible benefit of uniform quality standards.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in Franchise or Other Agreement	Item in Disclosure Document
a	Site Selection and Acquisition / Lease	Sections 2.9, 2.10, 3.2, Lease Addendum	Items 5, 7, 11,
b	Pre-opening Purchases / Leases	Sections 2.9, 2.10, 2.12, 4.2, 5.5, Lease Addendum	Item 8,
c	Site Development and Other Pre-Opening Requirements	Sections 2.8, 2.9, 2.10, 2.12	Items 6, 7, 11
d	Initial and Ongoing Training	Sections 3.4-3.7, 6.1.b	Item 11
e	Opening	Sections 2.8	Item 11
f	Fees	Sections 3.6, 3.7, 4.1, 4.2, 4.3, 4.4, 4.9, 4.12, 4.16, 4.22, 4.24	Items 5, 6, 7
g	Compliance with Standards and Policies / Operating Manual	Section 6	Item 11
h	Trademarks and Proprietary Information	Sections 2.5-2.7	Items 13, 14
i	Restrictions on Products / Services Offered	Sections 3.3, 6.3, 6.9	Items 8, 16
j	Warranty and Customer Service Requirements	Sections 5.8-5.11, 6.6, 6.15, 6.19	Item 11
k	Territorial Development and Sales Quotas	N/A	Item 12
l	Ongoing Product / Service Purchases	Sections 4.2, 6.3, 6.8, 6.9	Item 11
m	Maintenance, Appearance and Remodeling Requirements	Sections 2.12, 2.13, 2.14, 6.1, 6.2, 7.4	Item 11
n	Insurance	Sections 5.5 - 5.7	Items 6 and 7
o	Marketing	Sections 2.5, 4.4 - 4.10	Items 6, 11
p	Indemnification	Sections 5.12	Item 6
q	Owner's Participation / Management / Staffing	Sections 6.1, 6.10	Items 11, 15
r	Records / Reports	Sections 4.11 - 4.19, 7.11.a	Item 6
s	Inspections and Audits	Sections 4.16 - 4.19, 6.7, 7.11	Item 6
t	Transfer	Sections 7.13 - 7.21	Item 17

	Obligation	Section in Franchise or Other Agreement	Item in Disclosure Document
u	Renewal	Sections 7.2 – 7.5	Item 17
v	Post-termination Obligations	Section 7.11, 7.12	Item 17
w	Non-competition Covenants	Sections 7.22 – 7.24	Item 17
x	Dispute Resolution	Sections 8.1 – 8.15	Item 17
y	Security Interest	Section 4.23	Item 17
z	Other: Guarantee of franchisee obligations (Note 1)	Section 6.10, 7.14, 7.15	Not applicable

Notes:

(1) Each person or entity that directly or indirectly owns any of the equity or voting control of the franchised business, and any spouse or legal domestic partner of an owner, must guarantee the terms of the franchise agreement.

ITEM 10. FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours.

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

Except as disclosed below, we need not provide any assistance to you. Some or all of our obligations and responsibilities to you may be delegated to an area representative, who may be an independent contractor.

A. Pre-Opening Assistance

Before the opening of your business, we will:

1. Lend and deliver to you a copy of the Manual (in one or more documents, in electronic or other media, or any Intranet or password-protected Internet site of confidential information concerning our system), which will assist you in implementing the franchise system. (Section 3.1, franchise agreement). This confidential manual remains our property; we may modify it at any time.
2. Consider the suitability of the proposed site you select for your business, and mutually agree upon the location of the proposed site. (Our approval of your site is not a guarantee of your success.) (Section 3.2, franchise agreement).
3. Specify or approve certain goods, services, inventory, equipment, fixtures, Computer Systems, marketing, trademarks, and trade dress to be used at the business (Section 3.3, franchise agreement).

4. Train you in our initial training program. (Sections 3.4, 3.5, franchise agreement). Also, see below in this Item 11 for more discussion of the training program.

5. Designate your territory. (Sections 2.1, 2.2, franchise agreement).

B. Operating Assistance

After you open your business, we will:

1. Continue to consult with you concerning controls, policies, procedures, sales, marketing, and supplies. Continue to offer advice, guidance and experience to you, answer your questions and provide ongoing consultation. (Sections 3.1, 3.3, franchise agreement).

2. Review, approve, and provide you with marketing programs and advertising materials. (Sections 4.4, 4.10, franchise agreement).

3. Provide you with information on suggested prices for products and services your business offers. (Sections 4.10, 6.5 franchise agreement).

4. Continue efforts to develop the methods of operation, and lend you any amendments, supplements or replacements to the Manual (as described below), and any amendments. We will notify you if there are any changes made to policies or procedures. (Section 3.1, franchise agreement).

5. Administer the Advertising Fee account, which will be placed in a separate account, and provide an annual unaudited accounting of such funds, and expend those funds on development of marketing and promotion (see below and Sections 4.4, 4.5, franchise agreement). We may charge the fund a reasonable fee to administer the fund and for our overhead costs.

6. Provide supplemental training of you and your employees, at your cost (Sections 3.6, 3.7, franchise agreement).

Manual

We will loan you a Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion of the Internet, and which may be amended, supplemented, or replaced at any time. The Manual is confidential (see Item 14), and contains mandatory and suggested specifications, standards and operating procedures applicable to the franchised business. The table of contents is attached as Exhibit E. Currently the manual contains approximately 800 pages.

Site Selection

The franchise agreement grants a franchise for a particular location which you select, subject to our approval. We will approve or disapprove the proposed location within 30 days of your complete written submission to us prior to signing the lease. Some of

the criteria that we consider in approving locations include accessibility, safety, size, location, shopping patterns, community, zoning requirements, type of building, and age of building. You must deliver to us a complete copy of the signed lease along with a fully executed copy of the then-current Lease Addendum. See Attachment 4 of the franchise agreement. (Section 2.11, franchise agreement). In the absence of a signed Lease Addendum, and subject to approval from the landlord, we have the option to assume the lease not including any of your previous obligations resulting out of your commitment in the lease.

You must pay the cost of and complete all construction, finishing, furnishing, equipping and decorating of the location as needed to comply with our specifications described in the Manual. You must acquire all permits and licenses necessary for operation of the franchised business. (Section 2.13, franchise agreement).

You must open and begin operating your franchised business from the approved location within 180 days of signing the franchise agreement. If you do not, we have the right to terminate the franchise agreement, without refund of the franchise fee. (Section 2.9, franchise agreement) Typically, franchisees open for business within 2 to 6 months of signing the franchise agreement. The factors that affect this time include: the ability to select a site; lease negotiations; design and construction; compliance with zoning and local ordinances; delivery of inventory and equipment; obtaining of building and professional permits and licenses; compliance with governmental certification requirements; weather conditions; shortages; unexpected events; and delays, such as delays in installation of equipment, fixtures, and signs.

Training Program

We will provide initial and ongoing training and assistance, as we may reasonably determine to be appropriate.

Initial training will take place after payment of the initial franchise fee and before you open. Initial training will consist of up to 40-60 hours of online self-directed courses covering but not limited to an introduction to GradePower, administration, accounting and finance, center management, marketing sales and staffing. After completion of the online courses, and prior to being accepted into the training at OLC's training facility, you must complete and pass a quiz based on the home study.

Upon successful completion of the online and webinar training, there will be a 5-day training session at OLC's training facility in London, Ontario, Canada, or a destination of our choice. This training will consist of up to 50 hours, covering the operations training of the GradePower System. The next stage of training will consist of up to a 5-day session (up to 50 hours) in London, Ontario, Canada or a destination of our choice, of practical hands-on experience tailored to your needs, covering the items deemed necessary by the trainers. These sessions are offered to you and to your designated manager and education director, if applicable.

We provide training for the opening of your franchised business. The various steps leading up to the opening are set out in the Manual. At our discretion we may provide 1-3 days of onsite training at your location prior to the opening of your center. Travel costs of the trainer will be your responsibility.

Except for the discretionary on-site opening assistance, we provide this initial training without charge to you and to your designated full time manager and education director, if applicable. You must pay for travel, accommodation, food and other costs for all your attendees. You and your attendees must complete the training program to our satisfaction. If you or they do not, we have the right to terminate the franchise agreement, and any refund will be subject to section 4.1 of the franchise agreement. (Section 3.5, franchise agreement).

Currently, we require you to attend up to one week of Center Director re-training every two to five years, at our discretion, at our headquarters for no additional charge (you must pay all of your own travel, food, accommodations and other expenses); but we reserve the right to require you and your employees to complete to our satisfaction any other additional or advanced training we may reasonably require at any time. We will determine the duration, frequency, location and content of any additional or advanced training in our sole discretion. You will pay us the charges that we reasonably determine for such training, currently \$500 per day per number of trainers, and you must pay all wages, travel, food, accommodations and other expenses for all trainees. (Section 3.6, franchise agreement).

Upon your request, and depending on availability, we will provide initial training to more than three persons. You will pay us the charges that we reasonably determine (currently \$300 per person per day), and you will be responsible for all of the trainees' wages, travel, food, and accommodations. (Section 3.7, franchise agreement).

Upon your request, and depending on availability, we will provide trainings onsite at your location rather than our designated location. You will pay us the charges that we reasonably determine (currently \$5,000 per week plus the cost of travel and living expenses of the trainer), and you will be responsible for all of the trainees' wages, travel, food, and accommodations. (Section 3.8, franchise agreement).

During the term of this Agreement, we will: continue to consult with and advise you; provide the franchise system, and provide training and instruction on the use of teaching and instructional materials.

TRAINING PROGRAM

Subject	Hours of Home Study	Hours of Online Training	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business: The Relationship of Franchising; Center Set; How to Use the MIS; Advertising and Marketing; Finance and Accounting; Hiring and Training Staff; Online Training and Webinars; Compliance Education: The Oxford/GradePower Learning Philosophy; Assessments; Programming; Curriculum; Our Programs Customer Experience: Running a Successful Center; Successful Parent Meeting; The Enrollment Process; Handling Inquiries; Phone Training; Retention Tools and Strategies; Building Referrals with Parents and Schools	Up to 40 – 60 hours	Up to 40 hours	50 plus	0	Home study at your home or existing GradePower Learning location; classroom training at OLC's office in London, Ontario, Canada
Touring an Oxford/GradePower Center Set Up	0	0	6	0	London, Ontario, Canada
On-Site Training	0	0	0	1 - 3 days at our discretion	Your Center

Note 1. Instructors: The initial training program is supervised by Lenka Whitehead, our President, and the President of OLC. Ms. Whitehead has been with OLC since November 2002 and has also been the owner/operator of an Oxford Learning franchise in London, Ontario, Canada from March 2004 to December 2005. Lynne Killinger, CFO of our affiliate, OLC, conducts business planning and budgeting. Amy Baldwin, our

Franchise Performance and Growth Manager for OLC since 2011, leads the training. Other qualified instructors and experienced franchisees with knowledge in particular areas may substitute for the above trainers or may assist them. Their identities are unknown at the present.

Note 2. Additional Onsite Training: Additional onsite training may be required within 6 months of opening your center. This training will occur at your center for you and your staff. There may be a charge by us for this training (currently \$5,000 per week, plus travel and living expenses of trainer) and you are responsible for any expenses incurred by you or your staff to attend the training.

Computer and Hardware and Software:

You must acquire, maintain, and upgrade your Computer Systems, as we prescribe. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services. (Section 6.8). Our current minimum requirements are in the manual. These requirements will change as technology changes.

The cost of the hardware and software is approximately \$3,000 to \$5,000. The hardware and software may be purchased from a vendor of your choice. You must pay the costs associated with maintaining and upgrading your computer system. We do not require or recommend any maintenance or support contracts, but the vendors do offer them at a cost of approximately \$100 to \$200 per year. You must upgrade the computer system and software, as needed, during the term of your franchise agreement, the cost of which cannot be determined at this time. The franchise agreement does not contain any limitations on the frequency or cost of these upgrades, but we will not offer upgrades that are unreasonable.

You are required to license and use our proprietary online management information system. This system is used to record inquiry calls, visits, enrollments, complete client data, programming information, client information, accounting and financial information and assessment interpretation and preparation. The cost to license this system is currently \$125 per month, but we reserve the right to change the fee upon 30 days' written notice to you. We will provide updates and revisions to this system, when deemed necessary by us, at no additional cost to you.

Your Computer Systems will be used to report to and communicate with us, and with your customers, for your accounting, and for other tasks that we may designate. We may have independent access to the information required in our reports, and to information generated and stored in your Computer Systems, without limitation. You must transmit information to us in real time or at intervals that we specify in the form and manner that we specify. In order to access your Computer Systems for the purposes permitted by the franchise agreement, you must give us any passwords, permissions, or other means to achieve our ongoing access.

Computer systems are vital to us and to you, and are vulnerable in varying degrees to problems such as viruses, worms, spy-ware, power and access disruptions, Internet content failures, hardware and software failures, and cyber security breaches, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems. This may include taking reasonable steps to secure your Computer Systems and your other systems (including using and continually updating firewalls, access code protection, and anti-virus systems), to use backup systems, and to comply with privacy and data security laws. If you discover a data breach requiring notification to any third party, you must also simultaneously notify us.

Marketing

You will pay to us an Advertising Fee contribution equal to 3% of your monthly Gross Revenue at the same time and in the same manner as the royalty fee. We may raise, discontinue or reduce Advertising Fees and expenditures, or may add, delete or change advertising programs during the term of the franchise agreement. Your monthly contribution may be increased to a greater percentage of Gross Revenue as may be agreed upon periodically by a majority of the FAC and by us. Our company-owned units, if any, will contribute to the Advertising Fee on the same basis as franchisees. We will place the Advertising Fee in a separate bank account. We administer the Advertising Fee, which is not audited, but an annual unaudited financial statement summarizing the use of the funds will be available for your review upon written request 120 days after the end of our fiscal year. The media where advertising may be disseminated may be print, radio, television, Internet, or any other media. The coverage of the media may be local, regional, or national. The source of the advertising may be in-house or a regional or national advertising agency. We will use the Advertising Fee primarily for: the creation of materials and strategies for marketing, promotion, and advertising and brand initiatives; administration of advertising or marketing (including salaries, outside creative services, media and agency costs, and other direct and indirect costs), or any other use that we believe may benefit our trademarks or our franchisees. The Advertising Fee will not be used principally to solicit new franchise sales. Advertising expenditures may or may not be proportionate to contributions or provide direct benefit to any franchisee. We have no obligation to spend any amount on advertising in the franchisees area or territory. We have the discretion how to spend the Advertising Fee, and have no fiduciary duty with regard to the Advertising Fee. If you fail to pay required Advertising Fee payments, we may delete you from marketing programs without notice, in addition to our other remedies. (Section 4.4, franchise agreement).

There is no franchisee advertising council yet formed to advise us specifically on marketing policies. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the council. The Franchisee Advisory Council (FAC) disclosed in Item 20 may provide input to us on marketing policies from time to time in an advisory capacity. We formed and sponsor the FAC and select the franchisees that may serve on it. We may change, dissolve, or merge the FAC.

All franchisees contribute an Advertising Fee. In our last fiscal year ended December 31, 2018, the Advertising Fees (together with HAAP fees, described below) were expended as follows:

Website/Internet/Digital	67%
Creative	10%
Direct Mail	15%
Other	8%
Total	100%

In future years these categories may change and we will continue to disclose the percentages regarding our use of the Advertising Fees in our last fiscal year. Neither our affiliates nor we receive payment for providing goods or services to the marketing fund, other than for marketing content production and the administrative expenses described above.

Our advertising and marketing expenditures will be limited to the amount of the contributions of Advertising Fees made by you and other franchisees. We may accumulate these funds, and the balance in the advertising account may be carried over to subsequent years and used for the purposes described in this Item. We reserve the right to terminate the Advertising Fee. (Section 4.5, franchise agreement).

Multi-Area Marketing and Regional Marketing Cooperatives:

We may also require you to join, participate in and pay into multi-area marketing programs (see Item 8), regional marketing cooperatives, or to spend an equivalent amount of money on your own local marketing. The cost of such programs combined will not exceed 9% of your Gross Revenue. You will participate, at your expense, in multi-area marketing programs as determined by us. We may under such programs require franchisees to refer certain customers to or from one another or us. (Sections 4.6 – 4.10, franchise agreement)

Currently we have implemented one multi-area marketing program that all franchisees must participate in, called the Head Office Assisted Advertising Program (HAAP). HAAP is a digital marketing program that is intended to improve franchisee online presence and inquiries in the local digital marketplace. Under HAAP, franchisees must contribute an amount we designate, not to exceed 9% of Gross Revenue. We currently calculate the HAAP fee in January of each year and notify franchisees; twelve equal payments are due on the 15th of each month. Our company-owned units, if any, will contribute to HAAP on the same basis as franchisees. We administer HAAP, which is not audited, but an annual unaudited financial statement summarizing the use of the funds will be available for your review upon written request 120 days after the end of our fiscal year. HAAP funds will not be used principally to solicit new franchise sales. We may accumulate HAAP funds, and the balance may be carried over to subsequent years and used for the purposes described in this Item.

Regional franchisee cooperatives may be established and administered by a majority vote of the franchisees in that region, and must be approved by us in our discretion. The purpose of the franchisee cooperative will be solely to develop and implement cooperative marketing and special promotions within the region. The amount of contribution and type of marketing or promotions approved will be set by majority vote of the members of the cooperative, but we will not approve a contribution of more than 9% of your Gross Revenue. This payment will be part of the minimum requirement of spending on local advertising required under the franchise agreement, as described below. We must approve the formation of the cooperative, amount of contribution, franchisees that must join, regions covered, governing documents, and all marketing and promotions. No decisions will be made or advertising funds spent without our prior written approval. The cooperative must prepare annual unaudited financial statements, which must be delivered to us and other franchisees in the cooperative within 120 days after our fiscal year end. We may form, change, dissolve, or merge any cooperative.

At your expense, you must participate in and cooperate with all advertising and marketing programs selected by us or any approved group of franchisees (including Internet marketing programs).

Other Marketing by Franchisee

You shall arrange and pay for the placement of a listing of the franchised business in any online telephone directories applicable to the area in which your franchised business is located. (Section 4.8, franchise agreement).

In addition to the Advertising Fee contribution discussed above, you will spend a minimum of the greater of \$1,666 or 9% of your Gross Revenue monthly on local advertising and promotion in such media and such times as we approve (this is in addition to the cost of advertising in the relevant phone directories, including the "Yellow Pages" or similar directory). You will receive credit against the \$1,666 or 9% minimum for amounts spent for multi-area marketing programs (including HAAP payments) and regional marketing cooperatives. In addition, you will spend the amount determined by us on an initial marketing campaign within three months after opening. All these expenditures will be reported to us at the times and in the manner as we specify, including by electronic means. (Section 4.9, franchise agreement).

Our Approval of Marketing

You may not market with or use our trademarks in any media (including the Internet or other electronic media) without our prior review and written approval, except when using materials approved by us. Our approval will normally take 7 to 10 days. All expenses of this independent marketing will be yours. You must follow our trademark and copyright usage directions. We control all Internet access, marketing, and usage related to the franchised business, and generally will not approve independent internet sites, including blogging and social media. (Sections 2.5, 2.6, 3.3, 4.10, and 6.5, franchise agreement.).

ITEM 12. TERRITORY

You will not receive an exclusive territory, because we reserve certain rights in your territory as described below in this Item 12. Because of our reserved rights described below, you may face competition from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands we control.

If approved, you will receive certain territorial protection in a defined territory (the "Territory"), subject to our reserved rights, summarized below. The Territory will be established by us, taking into account the relevant demographics in the area. The size of each Territory will be determined at the time of signing the franchise agreement for the franchised business, and will be either a radius of protection in miles or be defined by a geographic border. In densely populated areas the radius is normally smaller than in a less populated area, but the minimum radius granted is 1/4 mile.

You may operate your franchised business only from a single address you select within the Territory, subject to our approval. You may relocate the franchised business within the Territory with our prior written approval, which will not be unreasonably withheld, subject to the following:

- a. You must submit the request to relocate in writing to us;
- b. You must be current with all your obligations to us;
- c. The new center must be set up according to our then-current standards, and
- d. The new location cannot infringe on an existing GradePower franchisee's territory.

We will respond to a request for approval of a new address within 60 days. However, at our option the original location of the franchised business will remain the point from which the Territory is measured.

So long as you are not in default under the franchise agreement, neither we nor our affiliates will own, operate or grant a franchise to own or operate any GradePower Learning fixed location franchise within the Territory, except as described in the franchise agreement. Exceptions to your Territory exclusivity, and rights we reserve, are as follows:

- a. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located; and
- b. We may sell any products or services, anywhere (including within the Territory) through channels of distribution other than the type of business currently reserved to you in the Territory (including Internet, mail order, and retail channels). The Internet is a channel of distribution reserved

exclusively to us, and you may not independently market on the Internet or conduct e-commerce; and

- c. We may establish, operate, own, or franchise any business, including competitive businesses, at any location outside the Territory; and
- d. We may implement multi-area marketing programs. If you do not service a customer developed by a multi-area marketing programs, we may make other arrangements to do so;
- e. We may provide dissimilar goods or services anywhere; and
- f. We may establish, operate, own, or franchise any business, including competitive businesses, if we use trademarks other than those specifically identified to be licensed to you anywhere. (Section 2.3, franchise agreement).

We currently do not have plans to operate or franchise a business that sells or will sell goods or services similar to those that you will offer.

Customer Restrictions. There are no limits on the area in which we may solicit, accept orders, or sell goods or services, except as limited by any multi-area marketing program, and by the franchise agreement. We will not compensate you for any sales we make in your territory. You may not solicit, accept orders, or sell goods or services other than from the approved location of your franchised business without our prior written consent. All Internet marketing is a part of multi-area marketing programs, and you may not market independently on the Internet, conduct e-commerce, or acquire a domain name or website, unless approved by us in writing, and under our conditions and format.

Continuation of Territorial Protections; No Additional Rights. Continuation of your territorial protections is not dependent upon your achievement of any minimum sales requirements, market penetration, or other contingency; however, you must not be in default under the franchise agreement in order to retain your territorial rights under the franchise agreement. There are minimum monthly royalty and advertising fees described in Item 6 above. The franchise agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises within your Territory or areas contiguous to your protected area.

ITEM 13. TRADEMARKS

Our affiliate, Blue Crayon, owns and licenses to us, and grants us the right to sub-license to you a limited, non-exclusive license to use our principal trademarks and other trademarks in connection with the operation of your franchised business only at your premises and within your designated territory, provided you use these trademarks as outlined in the franchise agreement and our Manual. By trademark we mean trade names, trademarks, service marks, logos, trade dress, and other commercial symbols

used to identify the franchised business (the "Marks"). We license to you the trademarks GRADEPOWER®, GRADEPOWER LEARNING, GradePower Learning, and GPA 5.0 design marks, and other future Marks. Our primary Marks are registered with the U.S. Patent and Trademark Office ("PTO") on the Principal Register, as described below. We also claim common law rights in the Marks based on our and our predecessor's prior usage. You may not use any of our Marks as part of your business entity name, or your Internet domain name or any similar Internet identifier or account name, or on any employee forms. We control all Internet access, marketing, and usage related to the Marks and the franchised business. We may require or permit you to use other Marks, in our sole discretion.

MARK	SERIAL NUMBER or REGISTRATION NUMBER	DATE OF APPLICATION or REGISTRATION
GRADEPOWER	4,219,340	October 2, 2012
GRADEPOWER LEARNING (STYLIZED) & DESIGN	4,304,723	March 19, 2013
GRADEPOWER LEARNING (STYLIZED) & DESIGN	4,286,724	February 5, 2013
GPA 5.0 (STYLIZED) & DESIGN	4,367,912	July 16 2013
GPA 5.0 (STYLIZED) & DESIGN	4,369,297	July 16, 2013
GradePower Learning	5,213,198	May 30, 2017
BEYOND TUTORING	2,763,437	September 16, 2003
VOWEL MOUNTAIN	3,052,615	January 31, 2006
SHOEBOX PHONICS	3,228,979	April, 17, 2007
WAY BEYOND TUTORING	3,658,954	July 21, 2009

All required affidavits have been filed. Other than as stated in this Item 13, there are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state where this disclosure document is required, or any court, involving our principal Marks. We are not aware of any pending infringement, opposition, or cancellation proceedings or pending material litigation involving our principal Marks. There are no infringing uses or alleged superior prior rights of our principal Marks actually known to us that could materially affect use of the Marks in any state. However, if we are prohibited from using one or more of the Marks, we will require you to use another approved and available GradePower mark.

There are no currently effective agreements that limit our rights to use or license the use of the Marks in a manner material to the franchise, except for the License and Services Agreement between Blue Crayon and us, dated as of April 1, 2017, which grants us the exclusive right to use and sublicense the use of the Marks in the United States. The License and Services Agreement is for an initial term of 10 years, and automatically renews for additional 10-year terms unless we give 6-months' notice of non-renewal, or the agreement is terminated for our uncured default. If the License and Services Agreement is terminated, you may be required to stop using the Marks.

You will conduct and diligently promote the franchised business under the name GradePower Learning, or other Marks we specify, throughout the term of the franchise. You will follow our directions for use of the Marks. If you cannot lawfully use the name GradePower Learning in the Territory, you must obtain our written approval for another name.

You must obtain our prior written approval for any use of any Item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless we supplied the item. You must follow our Mark and copyright usage directions. You will indicate to third parties that it is "independently owned and operated" and that we own the Marks and you use them under license.

The rights granted to you in the franchise agreement are subject to the following obligations:

- a. You must convey to us any new developments or additional rights you acquire in using the Marks and System. You must assign the development rights to us and will execute any documentation that is required to effect the assignment. All improvements to the System that you develop shall become our sole and absolute property.
- b. Any documents, contracts, licenses, permits and official documents will be in your separate business name, and if they refer to the Marks, will state that your Mark use is limited by this franchise agreement.
- c. You must notify us immediately if there is any infringement or challenge to your use of the Marks. We are not obligated to protect your right to use the Marks and may direct you not to use the Marks, and to change the Marks at your expense.
- d. We or Blue Crayon will own the Marks and all goodwill associated with the Marks.

If you learn of any actual or potential claim against you or us relating to the use of the Marks, trade names or copyrighted materials, you must promptly notify us. We will promptly take such action as we deem necessary to address any such claim. We have the right to defend, compromise or settle any claim using attorneys of our own choosing and you must cooperate fully with us. We are not obligated by the franchise agreement

to protect your rights to use these Marks or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our Mark or if the proceeding is resolved unfavorably to you, but we may at our option defend, prosecute or settle these claims or litigation.

We reserve the right to change or discontinue the use of any Mark, name, symbol or other corporate identification. If this occurs you must conform to the change at your own expense. You may not contest our or Blue Crayon's ownership, title, right or interest in our Marks that are part of the franchised business. Upon termination of the franchise agreement for any reason, you must cease using these Marks in any manner.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent. We have no pending material patent applications.

Copyrights

Our affiliate, Blue Crayon, owns and licenses to us, and grants us the right to sublicense to you a limited, non-exclusive license to use our Manual and other copyrighted information in connection with the operation of your franchised business only at your premises and within your designated territory, provided you use these materials as outlined in the franchise agreement. You may use the information contained in our Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion of the Internet, and which may be amended, supplemented, or replaced at any time. While neither we nor Blue Crayon has filed an application for registration of these copyrights with the United States Copyright Office, Blue Crayon, we (or one of our other affiliates) claim copyright protection for the Manual and all marketing, training and other proprietary materials (including educational materials, literature and curriculum) used in connection with the System.

There are no currently effective agreements that limit our rights to use or license the use of the Manual or other proprietary materials in a manner material to the franchise, except for the License and Services Agreement between Blue Crayon and us, dated as of April 1, 2017, which grants us the exclusive right to use and sublicense the use of the Manual and other proprietary materials in the United States. The License and Services Agreement is for an initial term of 10 years, and automatically renews for additional 10-year terms unless we give 6-months' notice of non-renewal, or the agreement is terminated for our uncured default. If the License and Services Agreement is terminated, you may be required to stop using the Manual and other proprietary materials.

Your use of the proprietary information in the Manual must be in strict accordance with the franchise agreement. You must promptly tell us when you learn about any unauthorized use of this proprietary information. We are not obligated to take any

action but will respond to this information as we think appropriate. We will handle disputes with third parties concerning use of our copyrights and proprietary information.

Proprietary Information

We and our affiliates claim trade secret protection with respect to our knowledge, trade secrets, curriculum, teaching methods, proprietary assessment interpretation model, products, systems, information, customer lists, prospect and supplier lists, Manual, proprietary software (if any), confidential electronic and other communications, methods of Internet and trademark usage, marketing programs, and research and development.

You acknowledge in the franchise agreement that all of these are proprietary and are our trade secrets and that you will maintain their confidentiality. You must follow our security procedures, including you and any agent or employee who is allowed access signing any non-disclosure, and Intranet, Extranet, and Internet usage agreements that we require. The signed original non-disclosure agreements must be delivered to us within one week of any access of any person to confidential information. You must promptly tell us when you learn about unauthorized use of our proprietary information. You must comply with all privacy and data breach laws with respect to customer lists. If you discover a data breach requiring notification to any third party, you must also simultaneously notify us. Unauthorized use of the Manual and the System will constitute a breach of the franchise agreement and an infringement of our proprietary rights, including trade secrets and copyrights.

Upon the expiration or termination of the franchise agreement, you will immediately return to us all copies of the Manual, and all items containing the Marks, and all copyrighted and proprietary items. You must follow all of the confidentiality requirements, even after the termination or expiration of the franchise agreement.

There are no currently effective material determinations of the PTO, the United States Copyright Office, or any court regarding any patents or copyrights material to the franchise business.

We have no obligation to protect patents, patent applications or copyrights material to the franchise business, or to defend franchisees against claims arising from the franchisee's use of patented or copyrighted items.

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

Your personal supervision, participation, and example are essential to the success of the franchised business. You or your designated manager who has been awarded training and assessment certification must participate personally and full-time in the franchised business. If you are a corporation, partnership, or other entity to which the franchise agreement has been assigned with our prior approval in writing, a designated 50% or majority owner who is a natural person must personally manage the franchised business on a full-time basis. Each person or entity that owns any of the equity or

voting control of the franchised business must guarantee the terms of the franchise agreement. Any newly designated owner must obtain our approval in writing, sign a guarantee of the franchise agreement, and satisfactorily complete the training program at your expense. Spouses and legal domestic partners of owners must also sign franchise agreement or the personal guaranty. A copy of the guaranty is attached to the franchise agreement.

You (or your designated approved owner) and any designated full time manager and education director or education coordinator must satisfactorily complete training. If an entity franchisee to which the franchise agreement has been assigned wishes to change its designated owner, you must notify us of this fact and we must approve it in writing. Your new designated owner must satisfactorily complete the training program at your expense.

You must ensure that all persons (your spouse, directors, officers, shareholders, partners, agents and all employees) having direct or indirect access to any confidential information and the Manual must execute the Confidentiality and Non-Competition Agreement attached as Attachment 7 to the franchise agreement or an equivalent form that we approve.

You must not permit or allow your owners, shareholders, officers, managers, assistant managers, employees, representatives, agents or subcontractors to engage in conduct which is unlawful or damaging to the goodwill or public image of the System or the Marks.

If we may terminate the franchise agreement as provided elsewhere in the franchise agreement (because you have not cured a curable default or because no opportunity to cure is required), we may also or instead manage or operate the franchised business on your behalf, for up to 90 days. All revenues received by us from the operation of the franchised business will be kept in a separate account. Our expenses and reasonable compensation shall be charged to such account. If we do so after termination or expiration, we may buy or sell the business and provide you with any net proceeds, within six months after the effective date of termination, in addition to our post-termination option to purchase described in the franchise agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To maintain uniform quality standards, you must follow our directions concerning the services and products you provide. You may only offer and sell products and services approved by us. You must offer, sell and provide all of the required services and products we specify. We have the right to change the types of approved or required services and products, and there are no limits on our right to make these changes. You must not offer, sell or provide any products or services in any manner other than at your approved location, unless you have our prior written consent. You may not offer, sell or provide any products or services through the Internet or other media without our prior consent. We do not limit you regarding the customers to whom you may offer, sell or

provide products or services within the Territory, except as to multi-area marketing programs described in Item 12, and as described above.

We may recommend the prices you charge to your customers, set your maximum and minimum prices to customers, require promotional pricing, determine pricing strategy of multi-area marketing programs, and set your prices for certain products and services, each to the extent permitted by law.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document. All references are to the franchise agreement, unless otherwise specified.

	Provision	Section in Franchise or Other Agreements	Summary
a	Term of the franchise	Section 7.1	The term of the franchise agreement is for 10 years.
b	Renewal or extension of the term	Section 7.2	One additional 10-year period, subject to certain conditions.
c	Requirements for you to renew or extend	Section 7.2 – 7.5	Give timely notice, pay fee, be free from default, fully comply, and sign a new franchise agreement (and renewal addendum) that may have materially different terms than the original franchise agreement. We may at our option waive some of these requirements, and may instead allow you to renew by assuming the original franchise agreement, in which case the parties will sign our form of an assumption and mutual release agreement, which will extend the term for one 10-year term. The circumstances that we may not renew are if: (a) you have breached the franchise agreement; (b) you do not pay timely the renewal fee; (c) you do not have

	Provision	Section in Franchise or Other Agreements	Summary
			continued right to possession of the center or of a substitute center approved by us; (d) you do not continually maintain, and every five years and three months before the time of each renewal modernize, upgrade, refurbish or remodel, the center building, signs, and equipment; and (e) if: (i) the franchise is terminable by law or under the franchise agreement; (ii) you fail to give timely written notice of exercise of your renewal option; (iii) you fail to satisfy our then-current standards for new franchisees; (iv) you are in default under the franchise agreement; (v) you have received 3 default notices in a 24 month period; or (vi) we permit you to continue to operate under a different trade name in the same trade area or otherwise to realize the value of the business. Alternatively, if at the time for renewal we are not offering franchises in the U.S. or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period; if at the end of the one-year extension we still have not offered franchises in the U.S. or still cannot by law offer a renewal franchise to you, the franchise agreement will expire and you will not have any further renewal or extension rights.
d	Termination by you	Section 7.6	You may not terminate prior to expiration

	Provision	Section in Franchise or Other Agreements	Summary
e	Termination by us without cause	N/A	Not applicable.
f	Termination by us with cause	Section 7.7, 7.8, 7.9	You can be terminated if you default. The franchise agreement and other agreements define your obligations.
g	"Cause" defined – defaults which can be cured	Section 7.8	30 days to cure for breach of the franchise agreement or other agreements between us or required by the franchise agreement; failure to conduct the business in an ethical or businesslike manner, or complete required training, repairs or renovations, comply with the System or Manuals, or obtain our approval of any new or amended lease or related document.
h	"Cause" defined – defaults which cannot be cured	Section 7.9	Material misrepresentation, abandon initial training, insolvency (except as may be limited by bankruptcy laws,) loss of occupancy of premises, unauthorized relocation, committing a crime, 3 or more defaults in a 12 month period, abandonment, making an unauthorized transfer or unauthorized trademark use or unauthorized disclosure of trade secrets, endangering public health or safety, repeated defaults, etc.
i	Your obligations on termination / nonrenewal	Section 7.11	De-identification, payment of past due and future amounts, non-disclosure, non-competition, return manuals and proprietary materials, assessment materials, student and parent records, allow our inspection and audit, assignment of lease, phone, Internet and other directory numbers and listings, facilitate our right of first refusal

	Provision	Section in Franchise or Other Agreements	Summary
			and options, etc. We have a security interest in your business assets and may foreclose on our interests to secure your obligations to us.
j	Assignment of contract by us	Section 7.19	We may assign rights and obligations in whole or in part to any person or entity. No restrictions.
k	"Transfer" by you – definition	Section 7.13	Includes transfer of contract, assets, center, or ownership change
l	Our approval of transfer by you	Sections 7.13, 7.14, 7.15	Requires prior written consent, which will not be unreasonably withheld if conditions are met.
m	Conditions for our approval of transfer	Sections 7.14, 7.15	Provide us at least 60 days' prior notice of intent to transfer, accompanied by required information; transferee qualifies and successfully completes training; payment of transfer fee (see Item 6); transferee signs our then-current form of agreement with then-current terms; transferee updates center to then-current standards, and assumes all your obligations in connection with your business, including lease obligations; and you sign a release (see also below).
n	Our right of first refusal to purchase your business	Section 7.16	We may match any offer for your business, for 30 days.
o	Our option to purchase your business	Section 7.12	Upon termination or expiration, we have an option to buy all of the assets of your business, by giving you written notice before or on the effective date of any expiration or termination. The option price is the fair market value of all of the tangible assets of the business, less any amounts owed to us, and

	Provision	Section in Franchise or Other Agreements	Summary
			less any secured indebtedness and taxes owed by you to any third parties. We may exclude from our purchase your liabilities and certain non-compliant or unusable assets. If you are located in California, the option price may be different—see the State Addenda in Exhibit A.
p	Your death or disability	Section 7.20	Franchise must be assigned by estate to a buyer approved by us within 90 days, and in the interim managed by the legal representative the estate, trained at estate's cost. Your heirs or legal representative may apply to us to be accepted as a transferee. Standard conditions of transfer apply, but no transfer fee for transfers to your heirs or legal representative.
q	Non-competition covenants during the term of the franchise	Section 7.22	No involvement in competing business, no disclosure of confidential information, no solicitation of customers.
r	Non-competition covenants after the franchise is terminated or expires	Section 7.23	No competing business for two years within 25 miles of your Territory, or any other franchised, franchisor-owned or affiliated company-owned premises, and on the Internet or other multi-area marketing channels used by us; non-solicitation of customers.
s	Modification of the agreement	Section 9.6	Amendments to franchise agreement must be in writing and signed, but Manual, System, products, etc., are subject to change.
t	Integration/merger clause	Section 9.12	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises

	Provision	Section in Franchise or Other Agreements	Summary
			outside of the disclosure document and franchise agreement may not be enforceable. We may change the Manual and System.
u	Dispute resolution by arbitration or mediation	Sections 8.1 – 8.13	Except for certain claims for immediate relief, all disputes must be first mediated, then if not settled arbitrated, in the city of our then-current headquarters, or in the next-closest city in which the arbitration service has an office.
v	Choice of forum	Section 8.13	Arbitration forum is discussed above. Any lawsuit must be brought in U.S. federal or state courts in London, Ontario, Canada, or closest to the city of our then-current headquarters, except as stated in state specific addenda attached at Exhibit A to this disclosure document.
w	Choice of law	Section 8.15	Delaware law, U.S. Federal Arbitration Act, and U.S. Federal Trademark Act (Lanham Act) all apply, except as stated in state specific addenda attached as Exhibit A to this disclosure document.
x	Security Interest	Section 4.23	As security for prompt payment, performance and satisfaction of all your obligations under the franchise agreement, you must grant to us a continuing lien on and security interest in all of the assets of your franchised business

The State Specific Addenda in Exhibit A, to the extent applicable, may also describe certain state laws that may supersede the franchise agreement in your relationship with us.

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 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 location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 the 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 Lenka Whitehead at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 and 866-650-4447, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years ended 2016, 2017, 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised U.S. ¹	2016	27	30	+3
	2017	30	28	-2
	2018	28	28	0
Franchised Canada ²	2016	116	117	+1
	2017	117	117	0
	2018	117	118	+1
Company U.S.	2016	0	0	0
	2017	0	0	0
	2018	0	1	+1
Company Canada ³	2016	0	0	0
	2017	0	1	+1
	2018	1	2	+1
Total Outlets	2016	143	147	+4
	2017	147	146	-1
	2018	146	149	+3

¹ Prior to June 30 2016, these outlets were franchised by our predecessor, OGI, and before January 1, 2012, by OGI's predecessor, LCA, and currently do business as "GradePower Learning". Effective June 30, 2016, the franchise agreements were transferred to us.

² These Canadian outlets were franchised by our affiliate OLC and currently do business as "Oxford Learning Centres". These figures are compiled as of December 31, 2018.

³ The Canadian company outlets are currently owned and operated by our affiliate, OLC. These figures are compiled as of December 31, 2018.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2016, 2017, 2018

State	Year	Number of Transfers
Texas ¹	2016	1
	2017	2
	2018	1
Virginia ¹	2016	1
	2017	0
	2018	0
Canada ²	2016	13
	2017	6
	2018	0
Total – US and Canada	2016	15
	2017	8
	2018	1

¹ Prior to June 30 2016, these outlets were franchised by our predecessor, OGI, and before January 1, 2012, by OGI's predecessor, LCA, and currently do business as "GradePower Learning". Effective June 30, 2016, the franchise agreements were transferred to us.

² These Canadian outlets were franchised by our affiliate OLC and currently do business as "Oxford Learning Centres".

Table No. 3
Status of Franchised Outlets
For Years ended 2016, 2017, 2018*

State	Year	Outlets at Start of Year ⁽¹⁾	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year ⁽¹⁾
AL	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
AR	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	1	0
CA	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
CO	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year ⁽¹⁾	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year ⁽¹⁾
GA	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
FL	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	2	0	0	0	0	6
IL	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	1	1	1
ID	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
KY	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
MN	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
NC	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
NJ	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
NY	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
OK	2016	1	0	0	0	0	0	1
	2017	1	1 ³	0	0	1 ³	0	1
	2018	1	0	0	0	0	0	1
TX	2016	7	1	0	0	0	0	8
	2017	8	0	0	0	0	0	8
	2018	8	0	0	0	0	0	8
UT	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
VA	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year ⁽¹⁾	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year ⁽¹⁾
U.S. Totals ¹	2016	27	5	0	0	0	2	30
	2017	30	1	0	0	1	2	28
	2018	28	3	0	0	1	2	28
Canada ²	2016	116	1	0	0	0	0	117
	2017	117	0	0	0	0	0	117
	2018	117	1	0	0	2	2	118
Total All	2016	143	6	0	0	0	2	147
	2017	147	2	0	0	1	3	145
	2018	145	6	0	0	3	4	146

¹ Prior to June 30 2016, these outlets were franchised by our predecessor, OGI, and before January 1, 2012, by OGI's predecessor, LCA, and currently do business as "GradePower Learning". Effective June 30, 2016, the franchise agreements were transferred to us.

² These Canadian outlets were franchised by our affiliate OLC and currently do business as "Oxford Learning Centres".

³ This outlet was reacquired by the franchisor and sold to another franchisee in the same year.

Table No. 4
Status of Company Owned Outlets
For Years ended 2016, 2017, 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
OK	2016	0	0	0	0	0	0
	2017	0	0	1	0	1	0
	2018	0	0	0	0	0	0
IL	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
U.S. Totals	2016	0	0	0	0	0	0
	2017	0	0	1	0	1	0
	2018	0	0	1	0	0	1
Canada ¹	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
	2018	1	1	1	0	1	2
Totals All	2016	0	0	0	0	0	0
	2017	0	0	2	0	1	1
	2018	1	1	2	0	1	3

¹ These Canadian outlets are owned by our affiliate and currently do business as "Oxford Learning Centres".

Projected Openings As Of December 31, 2018

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
FL	0	0-4	0
IL	0	0-1	0
OH	1	0-4	0
TX	0	0-4	0
VA	0	0-1	0
Total	1	0-14	0

The name of each of our current franchisees, including those who have signed franchise agreements but are not yet open, and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit F. Our fiscal year ends on December 31 of each year.

The name and last known city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee within the most recently completed fiscal year who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is in Exhibit F.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with GradePower. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If we sell a previously franchised business that we now control, detailed five-year ownership and transfer information will be provided separately from this disclosure document.

We have created and sponsor a Franchisee Advisory Council (FAC) with two franchisee members—

Gordon Falk
C/O GradePower Learning – Austin, TX
4301 West William Cannon Dr.
Bldg B Suite 220
Austin, Texas 78749-1489
512 892 7327

Gina Geloso
C/O GradePower Learning – Ocoee, FL
286 Moore Road
Ocoee, Florida 34761
407 905 0955

There is no separate website for the FAC.

ITEM 21. FINANCIAL STATEMENTS

Our fiscal year end is December 31. Exhibit G contains (i) our audited financial statements for the period beginning January 1, 2018 and ending December 31, 2018, with a comparison column for the year ending December 31, 2017; (ii) our audited financial statements for the period beginning January 1, 2017 and ending December 31, 2017, with a comparison column for the year ending December 31, 2016; and (iii) our audited financial statements for the period beginning January 1, 2016 and ending December 31, 2016, with a comparison column for the year ending December 31, 2015.

As stated in Item 1 of this franchise disclosure document, we acquired substantially all of the assets of the GradePower franchise system, including the GradePower trademarks and all existing U.S. GradePower franchise agreements, from our predecessor, Oxford Group International, LLC, a New York limited liability company ("OGI"), effective as of June 30, 2016 (the "Acquisition"). OGI was owned 50% by our parent, GBT, and 50% by RWT Enterprises, Inc., a New York corporation

ITEM 22. CONTRACTS

The following form contracts are included as exhibits to this disclosure document:

Exhibit D – Franchise Agreement with the following attachments:

- Attachment 1: Territory
- Attachment 2: Individual Guaranty
- Attachment 3: For Assignments and Renewals
- Attachment 4: Lease Addendum
- Attachment 5: Assignment of Telephone Numbers, Domains and Email
- Attachment 6: Electronic Funds Transfer Authorization
- Attachment 7: Confidentiality and Non-Competition Agreement

Exhibit H – Confidentiality & Non-Disclosure Agreement / Application

Exhibit I – Compliance Certification

Exhibit J – Form of General Release

Exhibit K – Receipt

ITEM 23. RECEIPT

Exhibit K of this disclosure document is a document acknowledging receipt of this disclosure document by you. Please sign and date both and return a copy to us and retain one copy for your records.

EXHIBIT A
STATE SPECIFIC ADDENDA

EXHIBIT A

STATE SPECIFIC ADDENDA

The following modifications are to the G.B. Tokani, Inc. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

CALIFORNIA STATE SPECIFIC PROVISIONS

Registration of this franchise with the California Department of Business Oversight does not constitute approval, recommendation or endorsement of this franchise by the California Department of Business Oversight or by the California Commissioner of Business Oversight.

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.

Neither the franchisor, nor any person or franchise broker identified in Item 2 of the disclosure document 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 any of these persons from membership in that association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the California Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

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 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 arbitration. The arbitration will take place in the city closest to Farmingdale, New York in which the American Arbitration Association maintains an office, with the costs being borne in a manner determined to be appropriate by the mediator. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires the application of the laws of the State of New York. This provision may not be enforceable under California law.

The franchise agreement contains provisions which may limit franchisee's rights and may not be enforceable in California included but not limited to a limitation of claims, waiver of jury trial and waiver of punitive damages.

The disclosure document and franchise agreement are amended to provide that the initial franchise fee is paid when our initial obligations to you are complete.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ILLINOIS STATE SPECIFIC PROVISIONS

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.

Illinois law governs the agreements between the parties to this franchise, to the extent required under the Illinois Franchise Disclosure Act or other Illinois law.

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. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

No action shall be maintained under section 26 of this Act to enforce any liability created by this act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first

expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND STATE SPECIFIC PROVISIONS

If the Franchise Agreement provides that it will terminate upon a franchisee's filing for bankruptcy protection, that provision may not be enforceable under current U.S. Bankruptcy laws.

If the franchisor requires a franchisee to sign a general release of claims as a condition of the sale, transfer or renewal of the franchise, that release will not apply to claims that arise under the Maryland Franchise Law.

If the Franchise Agreement requires a franchisee to agree to a period of limitations less than 3 years, such a period of limitations shall not apply to any claims under the Maryland Franchise Law.

If the Franchise Agreement requires a franchisee to sue in a state other than Maryland, a franchisee can still file a civil lawsuit in Maryland alleging a violation of the Maryland Franchise Law.

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.

MICHIGAN STATE SPECIFIC PROVISIONS

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:

- (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 the Michigan Franchise Investment Act (the "Act"). 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 prior to the expiration of its 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 that failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure that 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. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration 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. This 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 the 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 provision has been made for providing the required contractual services.

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 the notice should be directed to the Department of the Attorney General, G. Mennen Williams Building, 7th Floor, 525 W. Ottawa Street, P.O. Box 30212, Lansing, MI 48909, (517) 373-7117.

MINNESOTA STATE SPECIFIC PROVISIONS

We will comply with Minnesota Statute 80C.14 sub-divisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the disclosure document and the Franchise Agreement are modified so that we cannot require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The disclosure document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise Agreement and Item 13 of the disclosure document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

Section 8.8 of the Franchise Agreement regarding Injunctive Relief is hereby amended to state as follows:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that

will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 8.4). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity.

Section 8.11 of the Franchise Agreement regarding Limitation of Claims is hereby amended to comply with Minn. Stat. Section 80C.17 Subd. 5.

NEW YORK STATE SPECIFIC PROVISIONS

RISK FACTORS

The Franchisor has been in existence for a short period of time, since May 4, 2011. Therefore, there is only a brief operating history to assist you in judging whether or not to make this investment.

ITEM 3: LITIGATION

Other than as described in Item 3, neither we, our predecessors, persons identified in Item 2, nor any affiliate offering franchises under the franchisor's principal trademark:

A. 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, or any 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 our franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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 a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. 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 currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling that person from membership in the 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 is subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling that person from membership in the 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, actions affecting a license as a real estate broker or sales agent.

ITEM 4: BANKRUPTCY

Neither we, our affiliates, predecessors, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (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 the officer or general partner of the franchisor held this position in the company or partnership.

NORTH DAKOTA STATE SPECIFIC PROVISIONS

Sections of the disclosure document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the disclosure document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the disclosure document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Provisions in the disclosure document and Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment law. Item 17(i) of the disclosure document and Section 7.11 of the Franchise Agreement are amended accordingly to the extent required by North Dakota law.

Certain provisions in the disclosure document and Franchise Agreement restricting competition to which you must agree may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the disclosure document and Section 8.1 of the Franchise Agreement are amended accordingly to the extent required by North Dakota law.

Sections of the disclosure document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(u) of the disclosure document

and Section 8.B. of the Franchise Agreement are amended, to the extent required by North Dakota law, to provide that the site of arbitration will be agreeable to all parties, and you will not be required to waive your right to a trial by jury.

Item 17(v) of the disclosure document and Section 8.4 of the Franchise Agreement which require jurisdiction of the courts in Farmingdale, New York are deleted.

Sections of the disclosure document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law. Item 4.22 of the Franchise Agreement is amended to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

The provisions of Section 8.9 of the Franchise Agreement which require a franchisee consent to a waiver of exemplary and punitive damages contrary to Section 51-19-09 of the North Dakota Franchise Investment Law are deleted.

The provisions of Section 8.11 of the Franchise Agreement which require a franchisee to consent to a limitation of claims is amended to state that the statute of limitations under North Dakota law applies.

RHODE ISLAND STATE SPECIFIC PROVISIONS

§ 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." The disclosure document and Franchise Agreement are amended accordingly to the extent required by law.

VIRGINIA STATE SPECIFIC PROVISIONS

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 does 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.

WASHINGTON STATE SPECIFIC PROVISIONS

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act 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 and are amended to the extent required by law.

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer, to the extent required by Washington law.

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.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protections Act, Chapter 19.100 RCW shall prevail.

WISCONSIN STATE SPECIFIC PROVISIONS

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The disclosure document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20____, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

DATED this _____ day of _____, 20____.

FRANCHISOR:
G.B. TOKANI, INC.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

By: _____

Title: _____

**(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY
FRANCHISEE)**

EXHIBIT B
SBA FRANCHISE ADDENDUM



ADDENDUM TO FRANCHISE AGREEMENT¹

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor."), located at _____, and _____ ("Franchisee."), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHIOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT C

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND
REGISTERED AGENTS IN STATES**

EXHIBIT C

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Commissioner of the Department of Business Oversight: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677 Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 or (866) 275-2677 San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233 or (866) 275-2677 San Francisco: One Sansome Street, Ste. 600 San Francisco, CA 94104 (415) 972 8559 or (866) 275-2677	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
HAWAII	Commissioner of Securities Hawaii Dept. of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Business Registration Division Hawaii Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1526 K Street, Suite 300 Lincoln, NE 68508-2732 (402) 471-3445
NEW YORK	Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	Office of the New York State Attorney General Investor Protection Bureau of Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel RD SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

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.

EXHIBIT D
FRANCHISE AGREEMENT



G.B. TOKANI, INC.

FRANCHISE AGREEMENT

Franchisee: _____

Territory: _____

Date: _____

Expiration: _____

Start Date of Initial Term: _____

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Attachment 1: DESIGNATED TERRITORY

Attachment 2: INDIVIDUAL GUARANTY

Attachment 3: ASSIGNMENTS AND RENEWAL/ADDENDUM

Attachment 4: LEASE ADDENDUM

Attachment 5: ASSIGNMENT OF TELEPHONE NUMBERS, DOMAINS AND EMAIL

Attachment 6: ELECTRONIC FUNDS TRANSFER AUTHORIZATION

Attachment 7: CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

G.B. TOKANI, INC.

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is effective this _____ day of _____, between **G.B. Tokani, Inc.**, a Delaware corporation located at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 ("we", "us", or "our"), and _____, ("you", or "your"), residing at _____.

RECITALS

As the result of significant expenditure of time, skill, effort and money, our affiliates or we have developed and own a proprietary System (as defined below) relating to the establishment, development, and operation of facilities offering educational services and products.

We have the right to use and to license others to use the System and Marks (as defined below) in the U.S., to use the goodwill associated with the Marks, and to enforce our rights to the Marks.

You desire to obtain a license to use the Marks and System in connection with the operation of a GradePower LEARNING franchise, and we desire to grant you the rights necessary to do so, on the terms and conditions set forth in this Agreement.

The parties agree as follows:

ARTICLE I **DEFINITIONS**

"Advertising Fee" means the separate fund used by us for the purposes specified in this Agreement. The Advertising Fee is not a trust or escrow account, and is managed by us in our sole discretion.

"Assessment" means any initial and subsequent assessments and testing of a student or prospective student to ascertain student abilities and needs as a precursor to a proposal to deliver, or delivery of, products and services that are part of the System.

"Assets" means all of the assets of the Business, including all inventories, supplies, furnishings, equipment, fixtures, any land, buildings and improvements, cash and equivalents, receivables, instruments and securities, intangibles, customer, supplier and prospect lists, business records, phone number and any directory listings, and other assets used by or needed by the Business.

"Business" means the franchised business that you are authorized to operate under this Agreement, and under the System.

"Center" means the one location within the Territory and as described in Attachment 1 at which you may operate.

"Competitive Business" means a business other than a GradePower LEARNING center or our website that provides any of the following: supplemental educational services to children, services or products similar to or competitive with those offered by the Business, or products or services that use any part of the System.

"Computer Systems" means computers, mobile smart devices, smart processors in hardware including point of sale devices, software (developed or to be developed) and related hardware, accounting systems, and systems to access the Internet and to communicate remotely, all as we specify.

"Gross Revenue" means all earnings (whether collected or billed or not) for goods or services by you or your agents or affiliates from the business premises, or connected in any way to the System or Marks, including all auxiliary services requested by clients, promotional items and merchandise, and offsite services provided. Gross Revenue includes the amount of all sales lost by the interruption of business and which is the basis upon insurance being paid as business interruption insurance, and any other compensation in respect of loss of business. Gross Revenue shall include the portion of fees paid in advance for regular scheduled classes in the month. The calculation of Gross Revenue shall not include sales tax receipts that you must by law collect from customers and that you have paid to the government. The following shall be deducted from the calculation of Gross Revenue (i) any discounts given to a clients on account of the purchase of any goods or services through the use of coupons or other promotions or allowances approved by us, provided the sale upon which the discount is given was recorded at full value in calculating the Gross Revenue; (ii) the amount of any cash refunded to a client on account of the return of any goods provided that the amount refunded with respect to such merchandise was originally included in calculating Gross Revenue; (iii) the unearned portion of any fees previously recorded that have been refunded or credited due to student cancellation or expulsion. Each sale of goods or services made upon installment or credit shall be treated as a sale at the full price at the time such goods or services is delivered or provided, irrespective of the time with you receive payment. No allowances shall be made for bad debts.

"HAAP" means Head Office Assisted Advertising Program and is part of your required spend on local advertising. This program is managed through our head office to and the cost is charged to your account.

"Internet" means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use the Trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or social media; or wikis, podcasts, online content sharing communities,

or blogging. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

"Manual" means any embodiment of the System, including notices of new standards and techniques; and any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

"Marks" means our owned or licensed trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with us, you, the System or the Business, whether or not they are registered, including, "GradePower".

"Multi-Area Marketing Programs," means regional, national, or international programs designed to increase business, such as: marketing to multi-area customers, Internet marketing, shows, events, directories, affinity marketing, vendor programs, loyalty and gift card programs, and co-branding programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions, referral fees, and software fees), and adherence to our pricing to the extent permitted by law. For example, loyalty and gift card programs may require that you buy equipment and supplies, and pay for activation, processing, transactions and maintenance. All such programs, and related customer and prospect lists, are our proprietary trade secrets. HAAP is a Multi-Area Marketing Program.

"OLC" means Oxford Learning Centres, Inc., our Canadian affiliate.

"Territory" means the geographic area outlined or described on Attachment 1, subject to any exceptions or reservations contained in this Agreement.

"Transfer" by you means to voluntarily or involuntarily, transfer, assign, sell, or encumber or grant a lien or security in, any interest in or ownership or control of: (i) any franchisee ownership interest or franchisee entity; (ii) substantial Assets of the Franchised Business; (iii) the location or lease, (iv) this Agreement; or (v) the Business.

"System" means, collectively, means our proprietary methods and resources for establishing, developing, and operating a Business. The System includes our unique and valuable knowhow, information, trade secrets, curriculum, teaching methods, proprietary assessment interpretation model, Manuals, standards, designs, methods of usage of the Marks and of copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, technology programs, supplier programs, and research and development connected with the operation and promotion of the Business; all as may be developed or modified by us at any time. We expect that changes to technology, laws and markets will result in changes that we will make to the System. All such modifications become our property. You acknowledge that the System is not generally known and is beyond your present skills and experience; and that to develop the System would be expensive, time consuming, and difficult.

ARTICLE II
GRANT OF FRANCHISE; MARKS

A. General Grant.

- 2.1 We grant to you a license to operate the Business in the Territory using the System and the Marks, for the term of this Agreement, and subject to this Agreement.

B. Territory, Customer Solicitation, Reserved Rights, and Multi-Area Marketing.

- 2.2 You may operate the Business only, and only within the Territory at the Center. You may relocate the Center within the Territory with our prior written approval, which will not be unreasonably withheld.

- 2.3 So long as you are not in default under this Agreement, neither we nor our affiliates will own, operate or grant a franchise to own or operate the Business within the Territory, except as described in this Agreement. Exceptions to your Territory exclusivity, and rights we reserve, are as follows:

- a. Merger. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located; and
- b. Other Channels, Including Internet. We may sell any products or services, anywhere (including within the Territory) through channels of distribution other than the type of business currently reserved to you in the Territory (including Internet, mail order, and retail channels). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce; and
- c. Other Territories. We may establish, operate, own, or franchise any business, including competitive businesses, at any location outside the Territory; and
- d. Regional and International Marketing. We may implement Multi-Area Marketing Programs. If you do not service a customer developed by a Multi-area Marketing Program, we may make other arrangements to do so; and
- e. Dissimilar Goods. We may provide dissimilar goods or services anywhere; and
- f. Other Trademarks. We may establish, operate, own, or franchise any business, including competitive businesses, if we use trademarks other than those specifically identified to be licensed to you anywhere.

2.4 Solicitation. There are no limits on the area in which we may solicit, accept orders, or sell goods or services, except as limited by any Multi-Area Marketing Program, and by this Agreement. You may not solicit, accept orders, or sell goods or services other than from the Center and within the Territory without our prior written consent.

2.5 Marks, Internet, and System.

- a. You will conduct and diligently promote the Business under the name GradePower LEARNING, or other Marks we specify, throughout the term of this Agreement. You will follow our directions as to usage of the Marks. If you cannot lawfully use the name GradePower LEARNING in the Territory, you must obtain our written approval for another name.
- b. Although you must use the Marks as your trade name, in the manner that we specify, you must also have and use a separate legal entity name. You may not use the Marks or any similar marks or words in your legal entity name. You may not independently market on the Internet register or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks.
- c. We retain the sole right to market and to use the Marks on the Internet, including all use of websites, domain names, URLs, linking, advertising, and co-branding arrangements. You will provide us content for our Internet marketing, and sign any Intranet and Internet usage agreements we may require. We retain the right to create websites or Web pages for you at a fee as specified in the Manual. We retain the right to approve any linking or other use of our website. You may not establish a presence on the Internet except as we may specify, and only with our prior written consent. You must follow all applicable laws, and our policies concerning data collection and privacy, if any. Any franchisee website may be accessed only through our home page.

2.6 You must obtain our prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless we supplied the item. You must follow our Mark and copyright usage directions. You will indicate to third parties that the Business is "independently owned and operated" and that we own or license the U.S. rights to the Marks and you use the Marks under a license from us.

2.7 The rights granted to you in this Agreement are subject to the following obligations:

- a. You must convey to us any new developments or intellectual property rights you acquire arising out of or related to the Business or any of the Marks and System. You hereby assign the development rights to us and will execute any documentation that is required to effectuate such assignment. All improvements to the System that you develop shall become our sole and absolute property.
- b. Any documents, contracts, licenses, permits and official documents will be in your separate business name, and if they refer to the Marks, will state that your trademark use is limited by this Agreement.
- c. You must notify us immediately if there is any infringement or challenge to your use of the Marks. We are not obligated to protect your right to use the Marks and may direct you not to use the Marks, and to change the Marks at your expense.
- d. We or our affiliates will own the Marks and all goodwill associated with the Marks.
- e. You must keep the Manual and confidential aspects of the System confidential, and not disclose them other than to your employees and only to the extent necessary for those employees to perform authorized duties. You must follow our security procedures, which include the execution of approved nondisclosure agreements, and Intranet, Extranet, and Internet usage agreements, by you and any employee or agent who is allowed access. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. You must promptly tell us when you learn about unauthorized use of our proprietary information.
- f. Nothing in this Agreement prohibits you from reporting to any governmental authority information concerning possible violations of law or regulation and you may disclose trade secret information to a governmental official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided you do so consistent with 18 U.S.C. 1833. This provision shall not be construed as altering your status as an independent contractor or any other provision of Section 5.1.

- 2.8 If it becomes advisable in our opinion at any time to modify or discontinue using any of the Marks 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 your Center's signs, 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. 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.

C. Center and Signage.

- 2.9 You must open the Center for business within 180 days after you sign this Agreement.
- 2.10 Contemporaneously with the execution of this Agreement, the parties will execute the attached Attachment 1 that identifies the approved Center and Territory or, if no Center has been identified, sets forth the Territory within which you shall locate the Center.
- 2.11 You are responsible for choosing the location of your Center within the Territory, entering into any necessary lease, obtaining permits, and opening the Center. You must use best efforts to do so. You must obtain our approval of the Center, which will be based on factors we consider relevant. You may purchase or lease the required real property and improvements from any source, and upon terms approved by us in writing. You will deliver to us any traffic, competition, demographic, and similar location information relating to any proposed site that we reasonably request. We will approve or disapprove the proposed location prior to signing the lease, and within 30 days of your complete written submission to us. You will deliver to us a copy of the proposed lease for the Center. You and the landlord must execute a Lease Addendum in our current form attached as Attachment 4 to the Franchise Agreement. The Lease Addendum amends and governs the lease. During the entire term of this Agreement, you must maintain a lease approved by us. You may not terminate or amend the lease or relocate your Center without our prior written consent. If you intend to renew or amend your lease or to move the location of your Center, you must provide us with six months written notice of your intent. You must provide us a copy of any proposed amended or new lease and any other information we may reasonably request 90 days prior to executing any such document. You must provide us with an executed copy of any lease and any amendments, renewals, and related documents. You must operate the Business only at the Center except as authorized in writing by us. The Center must be used exclusively by you and solely for the purposes permitted by this Agreement.
- 2.12 You are responsible for the cost and completion of all construction, finishing, furnishing, equipping and decorating of the Center as needed to comply with our specifications as set forth in the Manual. You are responsible for acquiring all permits and licenses necessary for operation

of the Business. We must approve all plans for and improvements to the Center.

2.13 All signage must be in accordance with our then current signage standards.

D. Telephone, Internet, and Directories.

2.14 You must have a separate business telephone number. You may not independently market on the Internet or outside the Territory without our written permission. We may provide you with permission to market on the Internet, or to use a domain name, or to use Internet directory links, or an email address for the Business. All telephone, email, Internet domain name, Internet directory, and listings of all kinds for the Business are our property, and will revert to us on termination or expiration, at our option. You agree to execute all documents considered by us as necessary to affect any transfer or assignment to us of all telephone, email, Internet domain name, Internet directory, and listings of all kind. At the time of execution of this Agreement, you will also execute the Assignment of Telephone Numbers, Domains and Email contained in Attachment 5.

ARTICLE III
FRANCHISOR'S DUTIES

A. Operation and Manuals.

3.1 We will continue our efforts to develop the Systems. We will lend you or allow you access to the confidential Manual for the initial franchisee training session and if you satisfactorily complete training, for the term of this Agreement. If you lose the Manual, you must notify us immediately and we may charge you a reasonable fee for replacement.

B. Location of Center.

3.2 We will review and approve or disapprove the location of the Center. Our approval of the location of the Center is no representation of the success, availability, or earnings potential of a Center in that location.

C. Equipment, Inventory, Advertising and Services.

3.3 We will specify or approve certain goods and services used in the Business, as provided elsewhere in this Agreement. We may negotiate marketing or supply programs with suppliers and obtain payments for advertising or financial allowances for doing so. We may receive any commissions, discounts, rebates, allowances and other benefits and advantages which may result from third parties supplying goods or services you and other franchisees. We will review and approve marketing and your other approval requests pursuant to this Agreement

and will not unreasonably delay our approvals or disapprovals allowed or required by this Agreement.

D. Initial and Ongoing Training and Assistance.

- 3.4 We will provide initial and ongoing training and assistance as we may reasonably determine to be appropriate. Initial training will take place after payment of the initial franchise fee and before you open. Initial training will consist of up to 10 hours of online self-directed courses covering but not limited to an introduction to GradePower, administration, accounting and finance, center management, marketing sales and staffing. After completion of the online courses, there are 8 online sessions conducted by GradePower/OLC trainers in a webinar format allowing for question and answer sections. These courses will take place over a 2 week period and will be up to 3 hours in duration each. These sessions go into more detail on the subjects covered in the online courses.
- 3.5 Upon successful completion of the online and webinar training, there will be a 5-day training session at OLC's training facility in London, Ontario, Canada, or a destination of our choice. This training will consist of up to 50 hours, covering the operations training of the GradePower System. The next stage of training will consist of up to a 5-day session in London, Ontario, Canada or a destination of our choice, of practical hands-on experience tailored to your needs, covering the items deemed necessary by the trainers. These sessions are offered to you and to your designated manager and education director, if applicable. At our discretion we may provide 1 to 3 days of onsite training at your location prior to the opening of your center. Travel costs of the trainer will be your responsibility. Your attendees must complete the training program to our satisfaction. If you or they do not, we have the right to terminate the franchise agreement. We may require additional on-site training within 6 months of you opening your location. This training will occur at your location for you and your staff. We may charge a fee for this training, currently \$5,000 per week, plus the cost of travel and living expenses of the trainer, and you are responsible for any expenses incurred by you or your staff to attend the training.
- 3.6 You and your employees must complete, within the timeframe we specify and to our satisfaction, any initial, additional or advanced training we may reasonably require at your location or other place that we specify. We may require such training if we develop new aspects of the System, you add key staff to your center, if you are underperforming in any way, or you are in default under this Agreement in addition to our other remedies on default. Upon your request, and depending on availability, we also will provide initial training to any new designated manager or education director. You must pay for all such training, at our discretion, up to is currently \$500 per day per number of trainers, plus all travel, food,

accommodations, and other necessary expenses. We may change this fee as we reasonably determine.

- 3.7 Upon your request, and depending on availability, we will provide initial training to more than the three persons identified in Section 3.5. You will pay us \$300 per person per day, plus you will pay for all wages, travel, food, accommodations, and other necessary expenses of trainees. We may change this fee as we reasonably determine.
- 3.8 Upon your request, and depending on availability, we will provide trainings onsite at your location rather than our designated location. You will pay us \$5,000 per week plus the cost of travel and living expenses of the trainer, and you will be responsible for all of the trainees' wages, travel, food, and accommodations. We may change this fee as we reasonably determine.

ARTICLE IV FRANCHISEE'S DUTIES: FEES AND MARKETING

A. Initial Fee.

- 4.1 In consideration of the grant of the franchise and the initial training program, you will pay us an initial franchise and services fee upon the signing of this Agreement of \$40,000. The initial fee is fully earned upon payment, and is non-refundable except in the circumstances described in Section 3.5. In the event we elect to terminate under that section, we will refund all sums paid by you to us less (i) the sum of \$10,000, plus any of our costs of travel or training; and (ii) any commissions paid by us to a broker or agent related to this Agreement. In the event we elect to terminate you must comply with all post-termination obligations, including non-disclosure, non-competition, and any refund is contingent on your doing so, and confirming your intention to do so, and signing a mutual release.
- 4.2 You shall also purchase from us, or suppliers we designate, the initial inventory for the Business in accordance with the Manual. Payment for the initial inventory must be made to us before we release the opening order to you.

B. Royalties.

- 4.3 You must report to us your monthly Gross Revenue pursuant to Section 4.13. You will pay to us, for the continuing use of the System, a monthly non-refundable royalty fee for the preceding month equal to the greater of:
- a. 10% of your Gross Revenue for such month, beginning the month you accept payment for services; or

- b. \$1,000 per month from the thirteenth month of operation and each month thereafter.

C. Advertising Fee.

- 4.4 You will pay to us an Advertising Fee contribution equal to 3% of your monthly Gross Revenue at the same time and in the same manner as the royalty fee. We may raise, discontinue or reduce Advertising Fees and expenditures, or may add, delete or change marketing programs during the term of this Agreement. We will place the Advertising Fee in a separate bank account. We may use the Advertising Fee for: the creation of materials and strategies; administration of advertising or marketing (including salaries, outside creative services, media and agency costs and other direct and indirect costs); or any other use that we believe may benefit the Marks or our franchisees. Advertising expenditures may or may not be proportionate to contributions or provide any direct benefit to any franchisee. We have the discretion how to spend the Advertising Fee, and have no fiduciary duty with regard to the Advertising Fee. Our advertising and marketing expenditures will be limited to the amount of the contributions of Advertising Fees made by you and other franchisees. If you fail to pay required Advertising Fee payments, we may delete you from marketing programs without notice, in addition to our other remedies.
- 4.5 We may accumulate such funds, and the balance in the marketing account may be carried over to subsequent years and used for the purposes described in this Agreement. We will provide a report to any franchise advisory council that we formed with an annual unaudited summary of Advertising Fee receipts and expenditures within 120 days after the end of each of our fiscal years. We reserve the right to terminate the Advertising Fee.

D. Multi-Area Marketing and Regional Marketing Cooperatives.

- 4.6 We may also require you to join, participate in, and pay into, Multi-Area Marketing Programs, regional marketing cooperatives, or to spend an equivalent amount of money on your own local marketing. The cost of such programs combined will not exceed 9% of your monthly Gross Revenue. You will participate, at your expense, in Multi-Area Marketing Programs as determined by us.
- 4.7 Regional franchisee cooperatives may be established and administered by a majority vote of the franchisees in that region, and must be approved by us in our discretion. The purpose of the franchisee cooperative will be solely to develop and implement cooperative marketing and special promotions within the region. The amount of contribution and type of marketing or promotions approved will be set by majority vote of the members of the cooperative, but we will not approve a contribution of

more than 9% of your Gross Revenue. This payment will be part of the minimum requirement of spending on local advertising required under Section 4.8. We must approve the formation of the cooperative, amount of contribution, franchisees that must join, regions covered, governing documents, and all marketing and promotions. No decisions will be made or advertising funds spent without our prior written approval. The cooperative must prepare annual unaudited financial statements, which must be delivered to us and other franchisees in the cooperative within 120 days after our fiscal year end. We may form, change, dissolve, or merge any cooperative.

E. Other Advertising by Franchisee.

- 4.8 You shall arrange and pay for the placement of a listing of the franchised business in any online telephone directories applicable to the area in which your franchised business is located.
- 4.9 In addition to the Advertising Fee contribution discussed above, you will spend a minimum of the greater of \$1,666 or 9% of your Gross Revenue monthly on local advertising and promotion in such media and such times as we approve (this is in addition to the cost of advertising in the relevant phone directories, including the "Yellow Pages" or similar directory). You will receive credit against the \$1,666 or 9% minimum for amounts spent for Multi-Area Marketing Programs and regional marketing cooperatives. In addition, you will spend the amount determined by us on an initial marketing campaign promotion within three months after opening. All such expenditures will be reported to us at such times and in such manner as we specify, including by electronic means.
- 4.10 All advertising, marketing and promotion by you must be approved by us in advance in writing, as to media, form, and content, and we generally will not approve independent internet sites, including your own website or other social media presence.

F. Records and Reports.

- 4.11 You will keep, transmit to us, and give us access to, accurate records and reports relating to the Franchised Business inputted by you into the MIS weekly in the form, time, and manner that we prescribe (including both paper copy and electronic records). You will prepare such records and reports, including financial records on each transaction, in accordance with our specifications. All books and records in respect of the business shall be kept by you at the Center, and you shall not destroy any records without our written consent. All files and information relating to current or past students shall be our property and you shall provide us with twenty-four hour a day access to your books and records by way of modem, Internet or other form of electronic communication required by us. We

reserve the right to monitor and record all incoming calls to your Center for training and quality assurance purposes.

- 4.12 You must use, by updating weekly, and license from us or our affiliates, our approved, management information system ("MIS"), or any other systems or programs we may require. You shall pay to us, in the same manner and at the same time as the royalty fee, an MIS usage fee of \$125 per month. This fee may be increased by us at any time upon 30 days written notice to you.
- 4.13 You will provide us with all hard copies, and access to electronic reports, that we prescribe. On or before the tenth of each month, or more often if we specify, you will deliver an itemized report of your Gross Revenue and your advertising expenses for the prior month on a form we prescribe, which will include payment for that month's royalty fees and Advertising Fees due; and your certification and records of Gross Revenue for the month reported.
- 4.14 You must prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied, and in a form approved by us. You must periodically deliver to us accounting, tax and other information (or copies of documents), as we request, including a monthly financial statement with profit and loss and balance sheet. These reports must be in such form, and delivered in such manner and time as we reasonably require. You must use our designated bookkeeping and financial software vendor, unless we approve another vendor in advance in writing. You will provide us with a copy of your annual financial statements including a profit and loss statement and a balance sheet. Such statements will be compiled by an independent Certified Public Accountant, and contain complete notes and disclosures, and be delivered to us within 90 days after your fiscal year end. You acknowledge that we may disclose publicly the results of operations of our franchisees and certain former franchisees (without identifying specific franchisees), and you hereby give us permission to do so. Your fiscal year end shall be December 31 of each year.
- 4.15 You must keep accurate records relating to the Business for a period of 6 years after the termination or expiration of this Agreement.

G. Audits.

- 4.16 We or our agents may examine all of your operations, books and records of your business during regular business hours and without any prior notice to you. In carrying out any examination, we shall have the right to make copies of all documents being examined, including the right to temporarily remove documents from the Center to make such copies. In the event that any such examination should disclose an understatement of

Gross Revenue for any period, you shall pay within five days after receipt of the audit report, such further amount owed based on the revised Gross Revenue figure, together with interest as set out in this Agreement. Any such examination shall be at our expense unless (i) the exam is necessitated by your failure to fully report or keep records pursuant to this Agreement or the Manual, or (ii) the exam discloses that you have understated your Gross Revenue by an amount in excess of three percent (3%); or (iii) the exam discloses that more than 5 students are not registered in the MIS; or (iv) you have failed to pay your required royalty fee. In such event, you shall pay the expense of the examination upon demand including, without limitation, the fees and disbursements of any independent accountant or accounting firm, its employees or representatives. We are also entitled to other remedies provided in this Agreement or by law.

- 4.17 If you do not deliver any statement of Gross Revenue as required, we or our auditor shall have the right to reasonably estimate the Gross Revenue of the period in question and you shall immediately pay to us all fees due, based upon the amount so estimated, together with interest as set out in this Agreement. Any estimation by us or any report of our auditor given pursuant to this Agreement shall be final and binding on all parties hereto.
- 4.18 You hereby authorize us to make such inquiries of your bankers, suppliers and trade creditors as we may require in order to obtain information and copies of documents concerning the Business and you hereby direct such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request. You agree to execute and deliver such directions, authorizations or other documents as we may require in order to permit the appropriate persons to disclose or release such information and documents to us.
- 4.19 You hereby authorize us to disclose to any third party as we may deem appropriate, acting reasonably, any information and copies of documents concerning the Business obtained by us from you in fulfillment of the provisions of this Section. You agree to execute and deliver such directions, authorizations or other documents as we may require in order to permit us to disclose or release such information and documents to any such third party.

H. Other Fees.

- 4.20 You must pay other fees as provided by this Agreement.

I. Method of Payment.

- 4.21 You must make all payments to us by noon on the tenth day of each month, or more often if we specify, and by any method we specify,

including check, cash, certified check, money order, automatic pre-authorized payment plan, electronic funds transfer, or the Internet. All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. We will not require you to deposit all your revenue into an account that we control, or from which withdrawals may be made only with our consent, except to secure a loan or financing arrangement by us. You shall execute all documents required by us in order that automatic payments or withdrawals may be made by us. You authorize us to have access to such account balances from which automatic payments or withdrawals are made.

J. Late Charges and Other Fees.

4.22 Each late payment by you is subject to a late payment charge of \$50 or the maximum late charge allowed by applicable law, whichever is less. In addition to late payment charges, you must pay interest at the rate of up to but not exceeding 18% per annum on the amount due, or the maximum interest rate allowed by applicable law, whichever is less. You must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees we incur in connection with your failure to make any required payments. The acceptance of any interest payment shall not be construed as a waiver by us of our rights in respect of the default giving rise to such payment and shall be without prejudice to our right to terminate this Agreement in respect of such default. Nonpayment because of payments that are returned to us for insufficient funds are a material default.

K. Security Interest.

4.23 As security for payment and satisfaction of all of your obligations under this Agreement, you hereby grant to us a continuing security interest in all of the Assets of the business, wherever located, whether now owned, existing, acquired or arising after this date, together with all replacements, accessions, parts, proceeds, including insurance proceeds, bank accounts, and proceeds of proceeds. Upon default by you in payment of all or any part of your indebtedness or liability to us, or in the performance or observance of any of the provisions of this Agreement, we will have the rights and remedies of a secured party under the Uniform Commercial Code, or any equivalent state legislation. We may make any government filing to perfect this security interest at any time, and you will cooperate and sign any necessary documents to facilitate such perfection and enforcement. We will agree to subordinate our security interest to any security interest of a lender that provides you purchase money financing to acquire the Assets required to start the business, if the secured party agrees with us in writing that in the event of any default we have the right at our option to be substituted as obligor to the secured party and to cure any default. If you are in default, all debts then due and owing by you to

us under this or any other present or future agreement with us will, if we so elect, become immediately due and payable. If you are not in default, you may dispose of inventory and accounts receivable in the ordinary course of business.

L. Taxes.

- 4.24 You are responsible for payment of your taxes and governmental fees. You will pay us the full amount of the initial franchise and services fee, royalty fee, Advertising Fee, and all other payments regardless of any tax or government fee, including withholding, sales, use, goods and services, VAT, income, or gross revenue taxes. Each payment by you to us shall therefore be increased by the amount, if any, of any state or local ((but not our income tax due to any jurisdiction) tax that you or we are required to pay on amounts paid by you to us. If such taxes are not able to be calculated until after your payment to us, we may bill you for such taxes assessed on account of payments made to us, and you must pay such bill within 30 days of receipt. However, if we later receive a reduction of our taxes on account of such tax paid by us and reimbursed to us by you, we will pay you within 30 days the amount of such reduction.

ARTICLE V
FRANCHISEE'S DUTIES: RELATIONSHIP OF PARTIES

A. Independent Relationship.

- 5.1 You are an independent contractor. We are not agents, partners, joint venturers, beneficiaries, or fiduciaries of one another. Neither party will be bound or obligated by the other, except as set forth in this Agreement. You will not permit the general public to confuse you with us. You are not our agent, and we are not yours, and you may not enter into contracts or obligations that bind us.
- 5.2 You will prominently state and show to the public and to employees your legal entity name, and that you are "independently owned and operated", in a manner that we approve. For example, in all forms used with vendors, customers and employees (including paychecks), you must use your full legal entity name, and may not use any of our Marks unless approved in writing. Use of our Marks will not be permitted on employee forms. You are solely responsible for your own operations and employees, including hiring, firing, discipline and other employment practices. You will notify your employees in writing that you are their employer, and that we are not their employer or a joint employer, and provide us with a signed acknowledgment in a form that we approve from each employee before that employee starts to work for you.

B. Compliance with Laws / Licenses and Permits.

5.3 You must secure and maintain at your expense all required licenses, permits and certificates relating to your Center's operation and operate your Center in full compliance with all applicable laws, ordinances and regulations. You are solely responsible for compliance with all laws relating to your business, including labor and employment laws. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, 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 or other regulations. 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>).

C. Taxes and Debts.

5.4 You are solely responsible for all taxes, including payroll taxes, arising out of your business. You will promptly pay when due all taxes, fees, debts, expenses, and assessments, including payroll taxes. You will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of Assets for or by creditors, or similar action to occur.

D. Insurance and Claims.

5.5 You must keep in force insurance policies as prescribed by us in the Manual by an insurance company acceptable to us at all times during the term of this Agreement and any renewal terms. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Manual. We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. Insurance policies must name us as us, and our officers and directors, as additional insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation by you of the Business. The policies must also stipulate that we shall receive a ten day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to us shall be furnished to us together with proof of payment within thirty (30) days of issuance thereof. In the event you fail to obtain the required insurance and keep the same in full force and effect, you shall pay us upon demand the premium cost thereof, which we shall then forward to the insurance carrier. Notwithstanding the foregoing, your failure to obtain insurance constitutes a material breach of this Agreement entitling us to

terminate this Agreement. You will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

- 5.6 We make no representation or warranty that compliance with these insurance requirements will insure you against all insurable risks or losses. You must comply with any landlord or other third party insurance requirement.
- 5.7 Your compliance with insurance requirements will not relieve you of your liability under the indemnity provisions of this Agreement.

E. Warranties & Guarantees.

- 5.8 You will fully comply with any customer guarantee program that we develop.
- 5.9 You will not misrepresent or omit to state any warranty or guarantee
- 5.10 We are not liable for any guarantee or warranty you make on behalf of the franchisee, to a customer or other third party.
- 5.11 Computer Systems are vital to us and to you, and are vulnerable in varying degrees to problems such as viruses, worms, spy-ware, power and access disruptions, Internet content failures, hardware and software failures, and cyber security breaches, and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. This may include taking reasonable steps to secure your Computer Systems and other systems (such as using and continually updating firewalls, access code protection, and anti-virus systems) to use backup systems, and to comply with privacy and data security laws. You must cooperate with our security systems.

F. Indemnification.

- 5.12 You and each owner of the Business will indemnify and defend us, and our officers, directors, employees, affiliates, and agents, against all claims, demands, actions, losses, damages, costs, suits, judgments, debts, losses, assessments, liens, legal fees, and disbursements, penalties, expenses, and liabilities of any kind; arising directly or indirectly out of or in connection with: (i) the Business; (ii) your actions or omissions and those of your officers, directors, employees, affiliates, and agents, and (iii) your breach of this Agreement. However, you are not required to indemnify us for claims resulting solely from our material breach of this Agreement or solely from our gross negligence or intentional misconduct.

ARTICLE VI
FRANCHISEE'S DUTIES: OPERATION

A. Uniformity and Image.

6.1 Adherence to the System and proper use of the Marks are essential to maintaining a uniform image and standards of the Business and the System. Any breach of this Agreement or failure to conform to the System or Manuals could substantially adversely affect that value. You must conform to our standards and specifications, including those contained in the Manual and in the System. While you will manage your own operations and employees, you agree that you shall:

- a. Use your best efforts to develop, maintain and promote the Business, use and maintain the System, and maintain and promote the public image of the Marks.
- b. Personally attend and complete such initial and ongoing training, as we shall deem necessary. You shall devote your full time and efforts to the Business. You shall not own, operate or be employed by any other business, unless consented to in writing by us. Should you, with our written consent, devote less than full time to the Business, you shall then be required to hire at least two (2) full-time employees, or any greater number mandated by us, who shall be responsible for the operation of the Business. These designated managers shall be trained and certified by us at your expense, as described in this Agreement.
- c. Establish and maintain your Center properly identified as GradePower Learning. The center shall be appropriately furnished and equipped, and kept open and operating in accordance with the Manual and System.
- d. Provide and maintain at your expense the telephone service recommended by us for the Business under the name GradePower Learning, and utilize such telephone service only in a manner and for purposes which are consistent with furtherance of the Business.
- e. Provide and maintain signs approved by us identifying the Center as a GradePower Learning center, and advertise the Business in conformity with our procedures and guidelines.
- f. Employ and maintain such trained, competent and conscientious sales, teaching and office personnel as are necessary for the proper and successful operation of the Business, including the hiring of instructors with appropriate educational degrees and teaching credentials. You must also ensure that your employees keep a professional appearance and comply with brand standards

we may prescribe in the Manual. You must use confidentiality and non-compete agreements consistent with this Agreement that we approve, and that you have independently determined are enforceable in the relevant jurisdictions. Executed copies of such agreements for all employees shall be kept on file at your Center or shall be forwarded to us within five (5) days of request. All full-time employees must be trained appropriately for their position and must sign the approved confidentiality and non-compete agreements. You also agree not to hire or use in the operation of the Business any person who is not qualified to work with children under any applicable law. You will perform any necessary background and educational checks using a vendor approved by us and as otherwise set forth in the Manual from time to time. You are responsible for ensuring that your employees are properly trained and certified to use our system.

- g. Recruit staff and solicit clients through the use of local advertising, at your sole expense, as described in this Agreement and in the Manuals. Local advertising may be obtained or purchased by you from us, or from your own sources, provided that we must first approve in writing all local advertising and related materials not purchased or obtained from us.
- h. Obtain, and maintain throughout the term of this Agreement and any extensions or renewals hereof, all licenses and permits which are necessary or appropriate to the operation of the Business. Such licenses and permits shall be obtained, where permissible and if required by us, in the joint names of you and us, and the license or permit shall be assigned to us or our designee, at our option and where permissible by law, upon termination or expiration of this Agreement.
- i. Utilize only such business forms, advertising, brochures, promotional material and similar materials as may be purchased from or approved in advance by us as consistent with the System and which conform to our specifications.
- j. Maintain at all times such financial resources as we in our reasonable business judgment may deem necessary to fulfill your responsibilities to us. You shall pay in a timely manner all costs and expenses of your business. You shall pay all amounts due to us, on or before the tenth day of the month following the date of invoice unless otherwise agreed, and by the method or in the manner specified by us, including automatic electronic funds transfer.

- k. Keep and maintain in a confidential manner, and as directed by us, without allowing any copies of same to be made, the Manual, periodic newsletters and memoranda, client lists and requirements, personnel records, mailing lists, financial information, computer software, the System, and other trade secrets or confidential information, all of which are, and shall remain, our sole and exclusive property.
 - l. Buy any proprietary material produced by us at such price as is established for all franchisees in the GradePower franchise system.
- 6.2 Center. If we change the décor package for the Center, you will be asked to promptly change the decor or trade dress of the Center, or repair the Center if necessary. This might include painting the Center, replacing furniture or changing the outdoor signage. The costs for these changes will be your responsibility. Requests to change the center décor will not occur any more frequently than once every 5 years.
- 6.3 Specifications. We normally set standards or specifications for leases, real estate, fixtures, furniture, equipment, inventory, the System, Multi-Area Marketing Programs, and other goods and services (including Computer Systems) at our discretion, including our subjective determinations relating to quality, value, and appearance. You must comply with these. You must purchase all such goods and services from us or approved or designated sources. You must participate in and cooperate with promotional programs, and follow our and our supplier guidelines. Your supply sources must conform to our requirements. You will repair or replace equipment with equipment to meet our specifications. You acknowledge that we may realize a profit or receive rebates, discounts or other allowances in connection with the sale of such authorized equipment, products, accessories and supplies which we shall be entitled to retain for our own credit without account to you therefore.
- 6.4 Operations. You will operate the Business in accordance with the System and Manual, as amended by us at our discretion, including standards for quality, appearance, teaching, Lesson Planner Reviews, and customer service standards.
- 6.5 Pricing. We may recommend the prices you charge to your customers, set your maximum and minimum prices to customers, require promotional pricing, determine pricing strategy of Multi-Area Marketing Programs, and set you prices for certain products and services, each to the extent permitted by law.
- 6.6 Service. You and your employees are expected at all times to give prompt, courteous, friendly, and efficient service to all clients. You and your employees are expected in all dealings with all clients, suppliers and

the public to adhere to the highest standards of honesty, integrity, and ethical conduct as determined by us. You agree to maintain the System standards set by us as defined in the Manual by us.

- 6.7 Right of Entry and Inspection. We or our authorized agent or representative may enter the Center during normal business hours with notice to you, and if reasonable under the circumstances without notice to you, to inspect and to determine compliance with the System and with the Manual. Without any liability to you, we may confiscate any materials which we, in our reasonable judgment, determine to be either illegal or in violation of this Agreement.
- 6.8 Technology. You must acquire, continually maintain, and annually upgrade Computer Systems (including for accounting, inventory control, point of sales, and Internet and other network access) as we may prescribe. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services.
- 6.9 Approved Brands. Because the reputation of the Marks and the System depends on a uniform high quality of products and services, you may sell only approved products and services, and you must sell all products and services that we authorize. You will be required to purchase from us or our designated supplier, at prevailing market rates: all testing materials, instructional materials, student progress books, business forms, checklists, report forms, books, manuals and other GradePower LEARNING products including all of our tutorial, remedial and enrichment instruction programs, all preparation courses and materials, and all other products and services related to those programs and courses.
- 6.10 Personal Participation. Your personal supervision, participation, and example are essential to the success of the Business. You (or your designated manager who has been awarded training and assessment certification) must participate personally and full-time in the Business. Each person or entity that directly or indirectly owns any of the equity or voting control of the Business, and any spouse or legal domestic partner of any owner, must sign this franchise agreement or a personal guaranty. Any newly designated owner must obtain our approval in writing, sign an individual guarantee of this Agreement and have any spouse or legal domestic partner do so, and satisfactorily complete the training program at your expense.

B. Other Operating Standards.

- 6.11 You will, during the term of this Agreement, engage only in the business covered by this Agreement and no other, except with our written consent.

- 6.12 You will not allow the Business or Center to be used for any immoral, unethical, unauthorized or illegal purpose.
- 6.13 You will conform to all standards and procedures we establish to insure a uniformity and consistency of operation.
- 6.14 You must diligently commence, market, and operate the Business. You must use reasonable efforts to grow and maintain the revenues of the business and customer goodwill.
- 6.15 If you do not provide customers with satisfactory service, or if you violate operating standards or this Agreement, we may, in addition to our other remedies, complete the customer service, refund customer amounts, and bill you for our costs, or bill the customer for our services.
- 6.16 You shall not cause or permit any toxic or hazardous waste, substances, or materials, as defined under applicable government laws and regulations ("Hazardous Materials") to be used, generated, stored or disposed of near, on, under, about or transported to or from the Center or any of your vehicles ("Hazardous Materials Activities") except as necessary for your operation of the Business and in accordance with the Manual. You shall conduct such permissible Hazardous Materials Activities in strict compliance (at your expense) with all applicable federal, state, and local laws, rules and regulations now or hereafter in effect and using all necessary and appropriate precautions. We will not be liable for any of your Hazardous Materials Activities, and your indemnity of us in this Agreement includes for claims due to your Hazardous Materials Activities. You must provide us with a copy of all Hazardous Materials inventory statements and updates filed by any governmental agency or regulation and must immediately notify us both by telephone and in writing of any spill or unauthorized discharge of Hazardous Materials or of any conditions constituting an imminent hazard.
- 6.17 You are solely responsible for monitoring and enforcing the System standards within your business, including all communications with your employees and agents. If we provide you forms or practices, you are solely responsible for ensuring that your forms and practices comply with local laws or other laws applicable to your business. Any changes made by you to the System must be pre-approved by us in writing, and will generally only be approved to the extent necessary to comply with applicable law.

C. Other Agreements.

- 6.18 You will enter into the following agreements and addenda, which are attached to this Agreement:

Attachment 1 – Designated Territory
Attachment 2 – Individual Guaranty
Attachment 4 – Lease Addendum
Attachment 5 – Assignment of Telephone Numbers, Domains and Email
Attachment 6 – Electronic Funds Transfer Authorization
Attachment 7 – Confidentiality and Non-Competition Agreement

You will comply fully with all such agreements. We are an intended beneficiary of any lease, supply, and confidentiality and non-competition agreements related to the Business. Any material breach in the terms of these agreements referenced in this Section 6.18, and in any other agreements between you and us, and our respective agents, employees and affiliates is a breach of this Agreement by you.

- 6.19 You must answer all customer complaints within 48 hours of receipt. You must forward a copy of the customer complaint and your answer to us. You must contact us immediately, but in any event within 24 hours if a customer complaint or other issue has resulted in an inquiry or report by the media or government, and you will work with us to prepare a response. You must participate and cooperate with any customer comment or secret shopper feedback program that we implement in the future. Such programs might include providing customers comment cards or surveys at your expense, including costs of related Computer Systems. Such programs might involve third party mystery shoppers or investigators who will purchase from you anonymously and provide us feedback.

ARTICLE VII

RENEWAL, TERMINATION, TRANSFER AND RELATED INFORMATION

A. Term of the Franchise Agreement.

- 7.1 The initial term of this Agreement is for ten years from the date of this Agreement, unless terminated earlier under the provisions of this Agreement.

B. Renewal or Extension.

- 7.2 If you are not in default under this Agreement, you may request renewal for one additional term of ten years. You must submit the renewal request to us in writing at least thirteen months, but not more than eighteen months, before the end of the initial term.
- 7.3 The fee for the renewal will be forty percent (40%) of the then-current initial franchise fee, payable at least six months before the end of the initial term, and there will otherwise be no initial franchise fee. You must execute our then-current form of successor franchise agreement, which may vary in material respects from this Agreement (including a redefinition of the Territory, in our discretion). Except for renewal rights, the terms of

the renewal agreement will be no less favorable than those in our then-current form or those offered by us to other comparable, renewing franchisees. You must also sign the renewal addendum attached to this Agreement. We may at our option waive these requirements, and may instead allow you to renew by assuming the original franchise agreement, in which case the parties will sign our form of an assumption and mutual release agreement, which will extend the term for one 10-year term.

- 7.4 You must continually maintain the Center, building, signs, and equipment. You must every five years, and three months before the time of each renewal, modernize, upgrade, refurbish or remodel the Center, building, signs, and equipment. You must comply with the then current image and operational standards. At your request, we will review all aspects of your business and give notice of all required modifications and renovations necessary to comply with the then-current image and operational standards. If you elect to renew this agreement, you will complete, at your own expense and to our satisfaction, all required modifications, renovations, alterations, refurbishment, remodeling and redecoration as well as implement any new methods, programs, modifications and techniques as we require no later than three months prior to the expiration of the initial term of this Agreement. You may not renew without possession of the Center or of substitute Center approved by us.
- 7.5 Your right to renew is contingent on satisfactory performance of this Agreement and of any other agreement between us. We may refuse to renew without any cause if: (i) the franchise is terminable by law or under this Agreement; (ii) you fail to give timely written notice of your exercise of your renewal option or fail to pay the renewal fee; (iii) you fail to satisfy our then-current standards for new franchisees; (iv) you are in default under this Agreement; or (v) you have received 3 default notices in a 24 month period. We may refuse to renew without any cause if we permit you to continue to operate under a different trade name in the same trade area or otherwise to realize the value of the business. If we decide not to renew you at the end of the initial term for any cause authorized in this Agreement, and if you requested renewal in compliance with this Agreement, we will give you written notice of our intent not to renew at least 180 days before the end of the initial term. If at the time of the renewal, we are not offering franchises in the United States, or not able by law to offer a then-current renewal franchise agreement to you, then this Agreement will be extended for a period of one year. If at the end of the one-year extension, we still have not offered franchises in the United States, or are still not able by law to offer a then-current renewal franchise agreement to you; this Agreement will expire, unless further extended by mutual consent.

C. Termination.

i) Franchisee.

7.6 You may not terminate this Agreement before its expiration, or the expiration of any renewal term. If you violate post-termination covenants, or assign ownership or assets other than in compliance with this Agreement, we will be entitled to our royalties and other amounts due for the remainder of the term of this Agreement and to all other applicable remedies.

ii) Franchisor.

7.7 With Partial Refund. In the event that: (i) you fail to open the Center in the time or manner as required by this Agreement; or (ii) you fail to satisfactorily complete initial training as required by this Agreement; then we shall have the right to terminate this Agreement effective upon delivery of a written notice of termination. In the event of such termination, we will refund a portion of the fees paid only under the circumstances described in and in accordance with the terms of Section 4.1.

7.8 With Opportunity to Cure, No Refund. We may terminate this Agreement on 30 days' written notice to you for your breach of this Agreement, or of other agreements between you and us or our affiliates, or of your lease; if you fail to cure the breach within the 30 day notice period. We also may terminate this Agreement on 30 days' written notice to you for other good cause, if you fail to cure the cause within 30 day notice period. Good cause includes your failure to: (a) conduct the Business in an ethical or businesslike manner; or (b) complete required ongoing training, repairs or renovations; (c) comply with the System or Manuals; or (d) obtain our approval of any new or amended lease or related documentation for your Center.

7.9 Without Opportunity to Cure, No Refund. We may terminate this Agreement without notice to you if you: (a) misrepresented or omitted material facts that induced us to enter into this Agreement; (b) abandon initial training or cease attempts to promptly open for business; (c) become insolvent or fail to pay debts as they become due; (d) after 14 days' notice of a threatened or pending proceeding, become bankrupt, make an assignment for the benefit of creditors, allow appointment of a receiver or similar custodian, or make a disposition of the Assets out of the ordinary course of business; (e) voluntarily abandon or cease operation of the Business, or fail to remain open for any 3 business day period without our prior written consent, except for instances where unforeseen circumstances out of your control make it impossible for you to operate the Business for a period of up to 10 days; (f) lose the right to occupy the Center for any reason; (g) move the location of your Center without our

prior written consent; (h) are found liable for, or are convicted of, or plead guilty or no contest to a criminal charge of, violating a law material to the Business; (i) make an unauthorized Transfer or make unauthorized use of the Marks or unauthorized disclosure of the System; (j) endanger public health or safety; (k) materially breach this Agreement three or more times for which you have received default notices (whether or not the defaults were cured) within a 12-month period; (l) do not renew in accordance with this Agreement and the Agreement expires; or (m) engage in conduct which threatens to harm the goodwill of the Marks, the System, or both.

7.10 Our Right of Entry Pre-Termination. If we may terminate this Agreement as provided elsewhere in this Agreement (because you have not cured a curable default or because no opportunity to cure is required), we may also or instead operate the Business on your behalf, for up to 90 days. All revenues received by us from the operation of the Business will be kept in a separate account, and our expenses and reasonable compensation shall be charged to such account. If we do so after termination or expiration, we may buy or sell the business and provide you with any net proceeds, within six months after the effective date of termination, in addition to our post-termination option to purchase described in this Agreement.

D. Effect of Termination.

7.11 Upon any termination or expiration of this Agreement, you will immediately:

- a. Cease operating the Business, or doing any business competitive with or similar to the Business, in accordance with the terms of the covenant not to compete in this Agreement. Deliver to us possession of all assessment materials, student, financial and academic files, student and parent records, materials related to student payment plans, academic and administrative records of the Business, student attendance and grading transcripts and records, student applications and all other related records, materials, data and information. We have the right, but not the obligation, to arrange or provide for the completion of any unfinished programs or classes for all students enrolled with the Business. We may, but shall not have the obligation, to extend the term for as many days as we deem appropriate in order to enable you to "teach out" any unfinished programs, and during any such extension, you shall be subject to this Agreement.
- b. If you remain in possession of the Center, immediately make such alterations and removals or changes in signs and colors to distinguish effectively the Center from its former appearance and our current image. If you fail to make such changes immediately,

then we may enter the Center and make such changes at your expense.

- c. If we are the lender under any loan agreement or the holder of any promissory note or the holder of any security interest, such loan, note or security interest shall, upon the effective date of termination or expiration, immediately become fully due and payable.
- d. Assign to us all of your right, title, and interest in, to and under any agreements or undertakings entered into as a result of this Agreement as we may, in our discretion, designate, including your lease. You agree to deliver or do and cause to be delivered or done all such deeds, instruments, assurances, acts, things as we or our nominee may reasonably require to carry out the full intent of this section and to evidence such assignment.
- e. Return to us all copies of the Manual, and all items containing any Marks, and all copyrighted and proprietary items;
- f. Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee;
- g. Cease doing business under any of the Marks, cancel any assumed name registrations that include any of the Marks, assign all phone numbers, directory listings, domain names, and Internet listings or marketing programs that contain or use the Marks to us, and refrain from identifying yourself as our franchisee or former franchisee;
- h. Allow our representatives and us access to the Business and your Computer Systems to verify and secure your compliance with your post-termination obligations, including changing or removing all Marks;
- i. Allow us to make a final inspection and audit of your Computer System, books, records and accounts;
- j. Abide by the covenants not to compete, confidentiality, dispute resolution, indemnity, and all other covenants that expressly or by their nature survive this Agreement.
- k. Pay us all amounts that you owe us, that you owe the landlord of the Center, and that you owe your and our trade and other creditors within five days of the effective date of termination or expiration. Pay us royalties and other ongoing fees, as though you are still an active franchisee, for the longer of: (i) so long as you continue to use the Marks or System; or (ii) so long as you or your successor or

assignee remain in a competitive business, unless we have approved the assignment in accordance with this Agreement; or (iii) future royalties for the remaining term of this Agreement, but no longer than two years, in the event that termination was due to a material breach by you under circumstances in which you are not entitled to a partial refund. Our damages from your breach of this Agreement are difficult to determine, and you acknowledge that the foregoing damages in this subsection are a reasonable estimate of those damages. We also are entitled to all other applicable remedies and damages from your breach, including our reasonable attorneys' fees and costs of enforcement, and any under trademark, copyright, and trade secret laws.

- I. Facilitate our exercise of rights to a separate option to assume the lease for the Center, if any.

7.12 Our Purchase Option.

Upon termination or expiration of this Agreement for any reason, we have an option to buy all of the Hard Assets of your Business. We may exercise this option by giving you written notice before or on the effective date of any expiration or termination. The option price shall be the fair market value of all of the tangible Assets of the Business, less any amounts owed to us, and less any secured indebtedness and taxes owed by you to any third parties, determined as follows. Within 20 days after receipt of our notice, you will deliver to us: (i) complete financial statements prepared in accordance with generally accepted accounting principles compiled by an independent certified public accountant, current to within 30 days of expiration or termination, signed by the accountant and by you; (ii) a list of all Assets and their cost and date of acquisition; and, (iii) a list of all payables, claims, liabilities, taxes, and contracts and lease obligations, with the name, address, and phone number of the creditor, lessor, or claimant, and a copy of any liens and security interests. We will determine fair market value within 20 days after receipt of your information, or 30 days after the effective date of termination or expiration, whichever is later. Fair market value for purposes of this option excludes any amount for any intangibles, including goodwill associated with the Marks. We generally will not assume, and therefore may exclude from our purchase, unsecured liabilities and payables. We may also exclude any items not complying with the then-current Manual, and items not usable in the Business.

If the parties are unable to agree upon the fair market value within the 30-day period, an independent appraiser the parties choose will determine it, using the rules set forth in the preceding paragraph. If the parties are unable to agree on a single appraiser within an additional 10 days, the parties will each choose an appraiser and the two appraisers will choose a

third. Each appraiser will submit an appraisal of the tangible Assets within 30 days of the appointment of the last appraiser. The highest and lowest of the three appraisals will be disregarded and the third and middle appraisal will be the option price. The parties will share equally the cost of the third appraiser, but will each separately bear the cost of their respectively selected appraiser.

You will then sign our form of purchase and sale agreement containing customary and reasonable terms, including mutual releases, and will use best efforts to obtain the lessor's consent to assignment of the lease to us. If we decide to exercise our option to purchase, the closing of the purchase will occur within 30 days of the determination of fair market value. We will pay the purchase price in one lump sum at closing, and you will deliver possession simultaneously with payment. We may offset the purchase price for the Assets against amounts due from you under this Agreement. If lessor and secured parties consent and waive claims, we will then pay the fair market value to you in full, and you will deliver possession of the Business and Assets, on the closing day reasonably set in a purchase and sale agreement signed by both parties.

We may take possession after termination or expiration, and prior to closing of any purchase, if reasonably necessary to provide continuous customer service or to avoid a material violation of customer contracts, the lease, or further material violations of this Agreement. During such period of post-termination or post-expiration possession, and prior to any such closing, we will not be deemed to have assumed any liability, lease, or contract of the business. If we do not elect to purchase the business, our possession will be for your account, and the provisions of Section 7.10 shall apply.

E. Assignment or Transfer.

7.13 You may not make a Transfer or make any lease or sublease of any property you are leasing in connection with the Business, without our prior written consent, which will not be unreasonably withheld or delayed, provided all pre-requisites to Transfer are met. Any attempted Transfer of any interest in the Business without our prior written consent will be a default under the terms of this Agreement, and will be voidable by us. You must give us notice of your intent to make a Transfer at least 60 days prior to the proposed effective date of the Transfer, accompanied by all of the information we require as described below. You may not offer or grant a sublicense or subfranchise.

7.14 Before or at the effective date of a Transfer, and as a prerequisite to our approval:

- a. The transferee must assume all your obligations in connection with the Business, and must agree, at our option, to either assume this Agreement or to sign our then-current franchise agreement. Assuming that we opt to have the transferee sign a new agreement, the transferee must execute all of the documents we then require of new or renewing franchisees including a new franchise agreement and individual and spousal guarantees with terms that may vary materially from this Agreement, but that are the same generally as other new and renewing franchisees. Transferees must also sign the transfer addendum attached to this Agreement. We may at our option instead require the transferee to assume the original franchise agreement, in which case the parties will sign our form of an assumption, consent, and mutual release agreement. It is our option to allow transferees to receive the full initial term contained in any such franchise agreement, or just your remaining term;
- b. You must prove that you have paid all of your debts;
- c. You must not be in default under this Agreement or any agreement with us or our affiliates;
- d. The transferee must agree to make all reasonable capital expenditures requested by us to renovate and modernize the Center, equipment and Computer Systems, and successfully complete the initial training programs at our location then required of new franchisees, if any;
- e. You or the transferee must pay us a Transfer/Training fee equal to forty percent (40%) of the then-current initial franchise fee (currently 16,000), plus all applicable taxes;
- f. You or the transferee must pay to us all reasonable legal expenses and other fees and charges incurred by us in connection with such transfer and the preparation, execution and filing of the documents referred to in this Section;
- g. You and the transferee must enter into a written agreement of purchase and sale for all of the assets used in the Business, in a form approved by us;
- h. The transferee must meet our subjective and objective standards, for granting or for renewing franchisees, including if then applicable those relating to relevant experience, education and licensing, background and reference checking, past record of compliance with laws, financial capacity, talent, skills, integrity and other qualities of character;

- i. You and your owners must execute a general release in favor of us, to the extent permitted by law;
- j. You must obtain and submit to us satisfactory evidence of transfer or consent of lenders, lessors, and governmental authorities for all material permits, approvals, and licenses; and
- k. You must provide us with other information and documents that we reasonably request in our transfer procedures or checklist.

You agree that prospective purchasers: (a) may contact us and that we may discuss your Business and related matters with them; and (b) will receive from us the franchise disclosure document required by law, and we will discuss related matters with them. We may disclose to prospective purchasers related information, including: (a) the financial results of the Business; (b) inspection and compliance reports, records and results; (c) other records of the Business in our possession. You will remain responsible for pricing and marketing the Business; drafting, negotiating, and signing any documents relating to any sale; and for any disclosures, representations or warranties made to any purchaser. You will release us from any claims, including those relating to our communications with prospective purchasers.

7.15 Entity Franchisees.

- a. Notwithstanding the preceding section, with our prior written consent, you may transfer your rights and obligations under this Agreement to a wholly-owned entity; provided however that such entity must first agree in writing to be bound by this Agreement. All of your owners and any spouse or legal domestic partner of an owner must notify us first, and must agree in writing to personally guarantee the obligations of the entity under this Agreement, in a form substantially similar to Attachment 2 to this Agreement;
- b. Any entity franchisee shall maintain such stop transfer instructions against the transfer of interests subject to the restrictions of this Section and shall have all outstanding shares endorsed with the following legend printed conspicuously upon the face of each membership record or certificate:

"The transfer of this interest is subject to the terms and conditions of a Franchise Agreement with G.B. Tokani, Inc. Reference is made to the Franchise Agreement and to the restrictive provisions of the articles of this corporation."

- c. Your formation and management documents shall provide that your purpose is confined exclusively to the operation of the Business as

provided for in this Agreement, and recite that the issuance and transfer of any interests in the entity is restricted by the terms of this Agreement, and copies shall be furnished to us upon request;

- d. Upon the death of an owner of the entity, the respective personal representative may sell or assign the entire interest of such deceased owner to a third party subject to our approval and the same conditions as are required for any other Transfer;
- e. The entity shall have its own legal name and shall not use any of the Marks or any name similar to any of the Marks as part of its name;
- f. You shall advise us of the names and addresses of all existing and proposed managers, owners, directors and officers, and of those persons and entities intended to be financially involved in the entity;
- g. You shall pay our costs incurred in reviewing the potential transferee, and pay the Transfer fee set forth in this Agreement, unless we agree to a lower fee; and
- h. You must provide us with other information and documents that we reasonably request in our transfer procedures or checklist.

7.16 Within seven days after receipt of a bona fide offer acceptable to you to Transfer all or part of the Business, you will notify us of the offer in writing, enclosing a signed copy of the offer. We will then have access to all your books and records in order to evaluate this offer, including your business financial statements and tax returns. We may then purchase the same assets or interest that is the subject of the offer to Transfer at the price and on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer and, at our option, may pay the entire purchase price at closing. We may exercise this right to purchase, by notifying you in writing within 30 days after receiving your notice. We and you will close the Transfer by the later of: 30 days after our notice to you of exercise of this right, or the time for closing contained in the original offer, at our option.

7.17 If we do not exercise our right to purchase within the time set forth in the previous section, you may effectuate a Transfer, but not at a lower price or on more favorable terms than previously disclosed to us in writing. Such Transfer is subject to our prior written approval and other conditions specified in this Agreement. If you do not effectuate a Transfer to the transferee on the same terms offered to us, then you must again extend the right of first refusal to us in the manner described above, before another desired Transfer.

- 7.18 Upon and after any Transfer, you must comply with post-termination obligations of this Agreement. You must not grant a subfranchise.
- 7.19 We or any of our affiliates may sell or assign this Agreement in whole or in part, and our assignee may enforce this Agreement in whole or in part. We may sell or issue our stock, other ownership interests, or assets, whether privately or publicly.
- 7.20 If an individual franchisee, or an individual majority owner of an entity franchisee who actively manages the franchise, dies or becomes incapacitated, and the Center has not been abandoned and the franchise previously terminated in accordance with this Agreement, the Business must be managed in accordance with this Agreement by the legal representative of the individual. In addition, the legal representative must within 90 days of the date of death or disability (unless extended by us in writing), either:
- a. Apply to us for the right of a specified heir with a legal right to a controlling interest in the Business to continue to operate the Business for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all the general Transfer conditions in this Agreement, except that no Transfer fee will be required of such an heir; or
 - b. Give us notice of a proposed Transfer of the Business to a third party, in which case our consent to the Transfer will be granted only upon the fulfillment of all the general Transfer conditions in this Agreement.
- 7.21 If we reject your application to continue to operate, one new 90-day period within which you may only attempt to effectuate an approved Transfer begins from the date of rejection. If within that 90-day period an approved Transfer is not effectuated, this Agreement will be subject to termination on the 91st day.

F. Covenants Not to Compete.

- 7.22 During the term of this Agreement, neither you, nor persons associated with you (including owners, managers, employees, immediate family members, and agents), will directly or indirectly do any of the following: (i) invest in, participate in, assist, consult with, work on, or serve in any capacity, a Competitive Business located anywhere, including on the Internet; or (ii) divert to a Competitive Business any customer who is or was a customer of the Business.
- 7.23 For two years after termination, expiration, or Transfer of this Agreement for any reason, neither you, nor persons associated with you (including

owners, managers, employees, immediate family members, and agents), will directly or indirectly do any of the following:

- a. invest in, participate in, assist, consult with, work on, or serve in any capacity, any Competitive Business located in any of the following markets: (1) within a 25-mile radius from the boundary of the Territory; (2) within a 10-mile radius from any franchised, Franchisor-owned or Affiliate-owned GradePower LEARNING center; or (3) on the Internet or any other Multi-Area Marketing channels used by us; or
- b. Divert, solicit, service, or sell to any customer who is or was a customer of the Business.

7.24 These covenants are given in part in consideration for training and access to our trade secrets, and which, if used in a competitive business without paying royalties and other payments, would give you an unfair advantage over us and our franchisees and affiliates. The unenforceability of all or part of these covenants in any jurisdiction will not affect the enforceability of these covenants in other jurisdictions, or the enforceability of the remainder of the covenants or of this Agreement. You agree that we may modify these covenants at any time in writing to reduce their scope or to improve their enforceability, and that you will be bound by the modified covenants.

G. Local Law Addendum.

7.25 If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as, and to the extent that, then applicable laws referred to in the addendum remain validly in effect. Attached as an exhibit to this Agreement or to our disclosure document may be an SBA Addendum required by the U.S. Small Business Administration ("SBA") that may modify this Agreement, but only to the extent and for such time such requirements are valid, enforceable and applicable. Any SBA Addendum only applies to those franchises in which there is SBA financing and for which it is signed.

ARTICLE VIII
DISPUTE RESOLUTION

A. Enforcement.

8.1 You must pay all our damages, expenses, audit and investigation costs, collection costs, attorneys' fees, and interest on the unpaid balances as

permitted by law, resulting from your default under this Agreement or from the indemnification provisions of this Agreement.

- 8.2 In addition to the other relief we are entitled to seek, we are entitled to receive liquidated damages at the rate of \$500 per day for each day you continue to operate the Business using our Marks or System, after expiration, termination, or Transfer. You agree that we will suffer irreparable damages due to your continued operation or use, and that damages will be impractical to ascertain where the uniformity or the goodwill associated with our Marks is involved. The parties acknowledge that the liquidated damages amount is a good faith estimate by the parties of actual damages and is not a penalty.
- 8.3 You will not, on the grounds of our alleged non-performance of any of our obligations under this Agreement, or due to any dispute with or claim against us, or for any other reason whatsoever, withhold payment of any amounts due to us. You acknowledge that payments withheld by you may cause irreparable harm to us and to other franchisees by jeopardizing the maintenance of uniform System and by hindering our ability to meet our obligations to our other franchisees.

B. Mediation and Arbitration.

- 8.4 Any dispute or claim relating to or arising out of this Agreement or out of any other agreement between us, and any other dispute between us, shall be resolved, to extent possible, through mediation by a mediator mutually and reasonably agreed on by both parties.
- 8.5 Any part of the dispute or claim that is not resolved through mediation must be resolved exclusively by mandatory arbitration by and in accordance with the rules of the American Arbitration Association, or another arbitration service agreed to by us and you. Arbitration will be before a single qualified and experienced independent arbitrator mutually and reasonably agreed on by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all Parties subject to arbitration so agree. No award in arbitration involving us will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration.
- 8.6 The arbitration provisions of this Agreement apply to claims by and against you and us and our respective Affiliates, owners, guarantors, managers, directors, officers, employees, and representatives (collectively referred to in this article as "Parties" or "Party" subject to arbitration). The arbitration provisions shall survive the termination, expiration, or Transfer of this Agreement.

- 8.7 In specific consideration for our incurring expense to monitor use of the Marks and our quality standards at your location, the exclusive venue of any arbitration will be set London, Ontario, Canada, or other city of our principal headquarters. If this venue clause is deemed unenforceable by formal judgment of any court, the arbitration will occur at the site of the arbitration service that is closest to our headquarters, and that is permissible by the court.
- 8.8 Any Party subject to arbitration discovering an arbitrable claim will have one year from the date of discovery of the facts giving rise to such claim in which to commence arbitration or litigation on such claim. Otherwise, the claim will be forever barred.
- 8.9 THE PARTIES SUBJECT TO ARBITRATION WAIVE TRIAL BY JURY IN ANY LAWSUIT INITIATED BY EITHER OF THEM WITH RESPECT TO A CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.
- 8.10 Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

C. Injunctive Relief and Summary Judgment Motions.

- 8.11 No party is prohibited from seeking interim or expedited remedies, such as a preliminary injunction or eviction, in either judicial or arbitration proceedings in any forum having jurisdiction (including use of arbitration rules providing emergency measures of protection).
- 8.12 No party is prohibited from seeking in an arbitration proceeding a full or partial summary judgment disposing finally of part or all of a claim or defense. The arbitrator is empowered to grant or deny such summary judgment motions under the same procedures and standards of proof as are then used under the Federal Rules of Civil Procedure. Such motions may be submitted to the arbitrator through written submissions and brief telephone conference oral presentations by counsel, without live witness testimony.

D. Venue and Jurisdiction.

- 8.13 In any lawsuit arising out of or related to this Agreement, or under any agreement between the parties, including for expedited relief or to enforce and arbitration award, the venue of such action may be set in London, Ontario, Canada, or the city of our then-current headquarters, and the

parties waive any objection to such venue and agree that such courts have subject matter and personal jurisdiction to hear such matter.

E. Costs and Attorneys' Fees.

8.14 If any Party subject to arbitration should bring an arbitration or court action with respect to the subject matter of this Agreement, the prevailing Party or Parties, if any, shall be entitled to recover from the adverse Party or Parties all of the reasonable expenses of the prevailing Party, including attorneys' fees

F. Governing Law.

8.15 Except to the extent governed by the United States Trademark Act, the United States Copyright Act, and the U.S. Federal Arbitration Act, this Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the state of Delaware. The Parties expressly disclaim the application of the United Nations Convention on the International Sale of Goods to this Agreement. This choice of laws will not affect the scope of any U.S. state statute (including any Delaware statute) that by its terms is inapplicable to this Agreement, and nothing in this Agreement will extend the scope of application of any statute.

ARTICLE IX
GENERAL PROVISIONS

A. Construction.

9.1 All words used in this Agreement, regardless of their gender, include any other gender, as the context requires. Any use of the word "including", "includes" or synonymous terms, followed by one or more examples, does not limit in any way the antecedent word or phrase. The words "we may" and "our approval" and other words giving us the right to take or not take actions or grant approvals, mean that we may do so in our sole discretion, unless otherwise specified.

9.2 Titles of articles and sections are used for convenience of reference only and are not to be construed as affecting the construction of the text.

9.3 Our rights and remedies are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

9.4 The parties agree to sign and provide all further documents, information, and assurances, and to perform all further acts as may be reasonably required to carry out this Agreement. To effectuate the purposes of this provision, you hereby irrevocably appoint us as your attorney-in-fact. Upon termination, expiration, or Transfer of this Agreement, you

specifically grant us power of attorney to: (a) cancel any assumed name or other registration that include any of the Marks; and, (b) to assign to us all phone numbers, directory listings, domain names, and Internet listings or marketing programs that use the Marks. Upon request by a third party (such as our lender, investor, or purchaser), you will sign an estoppel certificate, or other document stating whether or not you have claims against us, and describing any such claim.

- 9.5 The provisions of this Agreement, which by their terms or by reasonable implication require performance by you after termination, expiration, or Transfer of this Agreement, remain enforceable notwithstanding the termination, expiration, or Transfer of this Agreement, including those pertaining to dispute resolution, non-competition, intellectual property protection, confidentiality, and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

B. Modification.

- 9.6 This Agreement may be modified only by written mutual consent of the parties. However, we may unilaterally modify the System and Manuals to meet competition, protect Marks, or for any other reason.

C. Notices.

- 9.7 All notices sent by one party to the other must be hand-delivered, sent by reputable overnight courier, or by registered or certified mail, return receipt requested or by facsimile or email or other electronic means with proof of receipt. Notices must be addressed to us at our office as above designated, or at any other address we designate in writing, and addressed to you at your last known business address, or at any alternative address in the United States that you designate in writing.
- 9.8 Any notice is considered received at the time that proof of receipt establishes.

D. Non Waiver of Rights.

- 9.9 Our waiver of any particular right will not affect or impair our other rights; nor will any delay, forbearance or omission by us to execute any rights affect or impair our rights as to any future exercise of those rights. We may treat franchisees individually and differently if we deem it reasonable to do so due to differing circumstances.

E. Severability.

- 9.10 If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any

remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed.

F. Joint and Several Liability.

9.11 If Franchisee has more than one signatory, all are jointly and severally bound to this Agreement. All owners, and any spouse or legal domestic partner of an owner, of Franchisee must sign this Agreement.

G. Entire Agreement.

9.12 This Agreement constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. However, nothing in this Agreement or related agreements is intended to disclaim any representation that we may have made in writing in the latest franchise disclosure document that we delivered to you prior to signing the agreement.

H. Acknowledgements.

You hereby acknowledge the following:

9.13 You have conducted an independent investigation of the Business contemplated by this Agreement and understand and acknowledge that the Business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operator. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

9.14 You have no knowledge of any representations by us or our officers, directors, members, shareholders, employees, agents or servants, about the Business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

9.15 You acknowledge that our approval of the location of your Center does not constitute any assurance by us that the operation of the Business will be successful or profitable.

9.16 You acknowledge that we have provided you with a Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, fourteen (14) calendar days before the execution of this Agreement, or fourteen (14) calendar days before the

payment of any consideration. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

- 9.17 You acknowledge that we provided you with a copy of this agreement and all related documents, fully completed, for at least seven (7) calendar days prior to your execution.
- 9.18 You acknowledge that you had ample opportunity to consult with your own attorneys, accountants and other advisors with respect to this Agreement or the franchise relationship.
- 9.19 You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to this Agreement and the Franchise relationship.
- 9.20 You are aware of the fact that other present or future franchisees may operate under different forms of Agreement(s), and consequently our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.
- 9.21 You acknowledge that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

The parties have signed this Agreement on the date written on page 1 of this Agreement.

FRANCHISOR:

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

NOTE: MUST BE SIGNED INDIVIDUALLY BY ALL OWNERS AND SPOUSES OR LEGAL DOMESTIC PARTNERS OF OWNERS OF FRANCHISEE. ALL OWNERS OF AN ENTITY FRANCHISEE ALSO AGREE TO SIGN Attachment 2, THE INDIVIDUAL GUARANTY.

ATTACHMENT 1

FRANCHISE AGREEMENT: DESIGNATED TERRITORY

Territory: (Insert description below or attach a map).

Radius of Protection of the Franchised Business will be 1.25 miles around the center location, once determined, within the territory that the Franchise may operate the Franchised Business. In this instance the territory is in

<<Location>> _____

Center Address (or if not known, insert later):

Initials:

Franchisee: _____

Franchisor: _____

USE FOR ENTITY FRANCHISEES: ALL OWNERS, AND ANY SPOUSE OR LEGAL DOMESTIC PARTNER OF AN OWNER, OF THE ENTITY MUST SIGN THIS Attachment 2.

ATTACHMENT 2

FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY

This Guaranty is to the franchise agreement between G.B. Tokani, Inc. ("Franchisor") and _____ ("Franchisee") dated _____, _____, and to any other agreement between Franchisor and Franchisee (collectively, the "Agreements").

RECITALS

Guarantors know Franchisee, and that Franchisee voluntarily executed the Agreements for the purposes expressed, and are familiar with all provisions of the Agreements, and have received Franchisor's franchise disclosure document with ample opportunity to review it before executing the Agreements; and

Guarantors consulted legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.

AGREEMENT

In consideration of, and as an inducement to, the execution of the Agreements, each of the undersigned personally, irrevocably and unconditionally, individually and for any marital community, agrees as follows:

(1) To guarantee the performance of Franchisee under the Agreements, including that Franchisee will punctually pay and perform all obligations under this Agreement upon default of Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreements that by their terms or by reasonable implication survive the termination, expiration or transfer of the Agreements, including non-competition, indemnity, and non-disclosure provisions.

(2) That:

- (a) Liability under this Guaranty is joint and several;
- (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
- (c) Each will comply individually with all provisions of the Agreements and associated documents;

- (d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons;
- (e) Liability is not affected by any extension of time, acceptance of part performance, release of claims, or other compromise which Franchisor may grant;
- (f) The Guarantor agrees to pay the Franchisors' reasonable legal fees and costs if they are forced to sue to enforce this Guaranty; and
- (g) Each waives acceptance by Franchisor, and waives notice of demand to Franchisee or other parties except as may be required in the Agreements, waives protest by the other party, and waives notice of default to it.

Dated _____

(Set forth the name, address and percentage ownership of each Owner of the Franchisee, and their percentage ownership, if applicable, and list any spouse or legal domestic partner. Use additional pages if necessary.):

NAME	ADDRESS	Percentage Ownership
(Printed)		
(Signed)		
(Printed)		
(Signed)		
(Printed)		
(Signed)		
(Printed)		
(Signed)		

ATTACHMENT 3

FRANCHISE AGREEMENT: FOR TRANSFERS (RE-SALES) AND RENEWALS

TRANSFERS (RESALES):

Check here if you are purchasing an existing franchise from a third-party franchisee: ☐
You will, simultaneously with signing this Transfer Addendum, sign the new Franchise Agreement, which will be in full force and effect except as amended below.

A. The original franchise agreement signed by the franchisee that is selling the Business to you was dated: _____. The initial franchise fee is waived, and instead you (or the selling franchisee) will pay us a Transfer/Training fee of \$_____, as specified in the original franchise agreement. You will not receive certain other pre-opening services.

B. You acknowledge that you have negotiated the purchase directly from the selling franchisee, have had time to review the financial records and operations of the Business, and are not relying on us to assist in that review. You and we and the selling franchisee will sign a separate mutual release and consent to assignment.

C. [Your original term is now ten years, and your remaining renewal terms are limited, as specified in the original franchise agreement, as follows: _____]

D. Check here if you are purchasing an operating company unit. ☐ If so, all terms of the agreement will remain in effect, except the procedures for site selection and site approval need not be followed. The terms of purchase of the Business are set forth in a separate purchase and sale agreement.

Initials:

Franchisee: _____

Franchisor: _____

RENEWALS:

Check here if you are renewing your franchise. ☐ The original franchise agreement signed by you was dated: _____.

You will simultaneously sign this Renewal Addendum and sign the new Franchise Agreement, which will be in full force and effect except as amended below.

You, your principals, owners, managers, directors, officers, employees, agents, insurers, successors, and assigns, release all claims against us, and our principals, owners, managers, directors, officers, employees, agents, insurers, successors, and assigns, arising out of or related to our original franchise agreement.

Because this will be a renewal franchise agreement there is no initial franchise fee, but instead you will pay us a renewal fee of \$_____, as specified in the original franchise agreement. You will not receive initial training or other pre-opening services.

Your remaining renewal term is limited, as specified in the original franchise agreement, and will end on the following date: _____.

Initials:

Franchisee: _____

Franchisor: _____

ATTACHMENT 4

LEASE ADDENDUM CONDITIONAL ASSIGNMENT OF LEASE

This Addendum is attached to and is made part of that certain Lease dated _____ ("Lease"), by and between _____ ("Lessor") and _____ ("Lessee" or "Franchisee"), for the property located at: _____ ("Premises").

G.B. Tokani, Inc. ("Franchisor") and Lessee are parties to a certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisor has granted Franchisee a franchise and license to operate a GradePower Learning center on the terms and conditions stated in the Franchise Agreement.

A. CONDITIONAL ASSIGNMENT: Lessee hereby conditionally assigns all of the Lessee's right, title and interest in this Lease to Franchisor. This assignment may not be revoked without the prior written consent of Franchisor. This assignment shall become effective only upon occurrence of both of the following conditions:

1. (a) Termination of the Franchise Agreement between Franchisor and Lessee as Franchisee for the operation of the GradePower Learning center within the Premises, or (b) Lessee loses the right to occupy the Premises for any reason other than expiration of the Lease or condemnation or destruction of the Premises on the terms stated in the Lease; and

2. Exercise by Franchisor of its option to assume the obligations of and to replace Lessee as the lessee under this Lease. To accept the assignment, Franchisor must give written notice to Lessor and Lessee within fifteen (15) days after termination of the Franchise Agreement or Lessee's loss of the right to occupy the Premises.

Lessee agrees that at such time as Franchisor exercises its option to become the Lessee under this lease, Lessee will immediately vacate the Premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor agrees to permit Franchisor to enter upon and take possession of the Premises. Lessor will take all legal action necessary to remove Lessee if Lessee refuses to vacate the Premises.

Lessor is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the Franchise Agreement and exercise by Franchisor of its option to become the Lessee under the Lease and is hereby relieved of any and all liability to Lessee for any action it takes in so relying.

Lessor hereby consents to this Conditional Assignment of Lease and hereby agrees that if this assignment becomes effective, Franchisor shall thereafter be substituted for Lessee as the Lessee in this Lease; provided, however, that Franchisor shall be liable to perform only the obligations of Lessee under the Lease arising from

and after the date of Franchisor's acceptance of the assignment and shall have no liability for obligations arising before Franchisor's acceptance of the assignment.

The parties acknowledge that, until Franchisor accepts the assignment made by Lessee, Franchisor has no obligations, liabilities, or responsibilities under the Lease of any kind, including, without limitation, as a guarantor or indemnitor of Lessee's obligations to Lessor.

B. LANDLORD NOTICES: Lessor agrees to send to Franchisor copies of all material notices that it sends to Lessee, at the same time such notice is sent to Lessee. Copies of these notices shall be sent to:

G.B. Tokani, Inc.
747 Hyde Park Road, Suite 230
London, ON, Canada N6H 3S3

or to such other address that Franchisor provides to Lessor.

C. DEFAULT BY LESSEE: In addition to the notices agreed to be given in the preceding paragraph, Lessor agrees to give Franchisor thirty (30) days prior written notice of its intention to re-enter and repossess the Premises and to cancel the Lease on account of Lessee's default of any of its terms, conditions or provisions. During the thirty (30) day period Franchisor may cure such default or otherwise exercise its rights under this Conditional Assignment.

D. USE OF PREMISES; FRANCHISOR RIGHT TO ENTER: The Premises shall be used solely for the operation of a GradePower Learning center. Franchisor may enter the Premises at any time to inspect Lessee's operations and engage in all activities expressly permitted by the Franchise Agreement or by law, including, but not limited to, conducting inspections, protecting Franchisor's trade name, trademarks, and proprietary information, correcting deficiencies under the Lease, planning and inspecting periodic renovations, and assuring compliance with the Franchise Agreement.

E. FRANCHISOR'S CONSENT TO TRANSFER: Lessor hereby acknowledges that, pursuant to the Franchise Agreement, Franchisor has the right to obtain written notification and prior consent to any transfer of the Franchisee's interest in the Lease, business or any sublease, in whole or in part.

F. MISCELLANEOUS: Nothing contained in this Lease Addendum and Conditional Assignment shall be construed so as to create a partnership or joint venture between the parties. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. Lessor and Lessee expressly incorporate the terms of this Lease Addendum in, and make it part of, the Lease. The parties intend that Franchisor is a third-party beneficiary of this Lease Addendum with the power to enforce its provisions.

of said entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that _____ is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

(print name)

NOTARY PUBLIC in and for the State of
_____ residing at

My appointment expires: _____

ATTACHMENT 5

ASSIGNMENT OF TELEPHONE NUMBERS, DOMAINS, AND EMAIL

Date: _____

This assignment shall be effective as of the date of expiration or termination of the Franchise Agreement entered into between G.B. Tokani, Inc. ("Franchisor") and _____ ("Franchisee"). Franchisee hereby irrevocably assigns to Franchisor or its designee the telephone number(s) and listings, internet website addresses and domain names, directory listings, email addresses, and other listings and accounts, whether in electronic or other media, issued to or used by Franchisee with respect to the Franchisee's GradePower Learning Center(s) (collectively, the "Listings"). Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry, internet service provider, directory supplier, or similar third party that governs or provides Listings (collectively, "Providers") may require in connection to such transfer. This assignment is for collateral purposes only and Franchisor shall have no liability or obligation of any kind whatsoever arising from this assignment, unless Franchisor desires to take possession and control over the Listings.

Franchisor is hereby authorized and empowered upon expiration or termination of the Franchise Agreement that, and without any further notice to Franchisee, to notify the Providers, as well as any other company that publishes Listings, to transfer the Listings to Franchisor or such other person or firm as is designated by Franchisor. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to Franchisor and appoints Franchisor as its attorney-in-fact to take any necessary actions to assign the Listings including but not limited to, executing any forms that the Providers may require to effectuate the assignment. This assignment is also for the benefit of the Providers, who may accept this assignment and Franchisor's instructions as conclusive evidence of Franchisor's rights in the Listings and Franchisor's authority to direct the amendment, termination or transfer of the Listings as if they had originally been issued to Franchisor. In addition, Franchisee agrees to hold the Providers harmless from any and all claims against them arising out of any actions or instructions by Franchisor regarding the Listings.

FRANCHISEE:

G.B. TOKANI, INC.

By _____

Its _____

By _____

Its _____

ATTACHMENT 6

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

I (we) hereby authorize G.B. Tokani, Inc. ("Franchisor") to initiate Electronic Funds Transfer ("EFT") charges to my (our) bank account (indicated below) for payment of fees owed by me (us) to Franchisor.

Financial Institution Name:

Account Number:

Routing Number (9 digits):

Branch Name:

Address:

Individual Name:

Corporate Name:

By:

Signature and Title

Please attach a voided blank check for verification purposes

VOIDED CHECK

ATTACHMENT 7
CONFIDENTIALITY & NON-COMPETITION AGREEMENT*

In consideration of your being retained for your position as _____ **[TITLE]** of the GradePower LEARNING center located in _____ **[LOCATION]** under the ownership or management of _____ **[FRANCHISEE LEGAL NAME]** (the "Franchisee") and for G.B. Tokani, Inc. (the "Franchisor") granting Franchisee the franchise, you, the undersigned, hereby acknowledge and agree that:

1. The Franchisee operates a GradePower LEARNING center (the "Franchised Center") under a Franchise Agreement with the Franchisor. The Franchised Center offers preschool courses as well as courses and tutoring to prepare students for standardized entrance examinations, including the SAT and ACT, and individualized instruction in reading, phonics, study skills, mathematics, and related areas. You agree not to, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any person, partnership, association, limited liability company, corporation, or other entity, any confidential information, knowledge, or know-how concerning the methods of operation of the Franchised Center, which may be communicated to you by virtue of your employment or affiliation with the Franchisee. Any and all information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.
2. You will receive certain valuable information about franchising, the Franchisor, the Franchisee and the Franchisor's system of operation ("System"), and this information would not have been given to you, without your execution of this Agreement. You agree that you have earned a living before entering into this Agreement and have the skills to do so in the future in the event that the non-competition provisions in this Agreement are enforced against you. You covenant that during the term of this Agreement, and for a continuous uninterrupted period of two (2) years commencing upon the date of your termination of employment or affiliation with Franchisee, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity:
 - (a) divert or attempt to divert any present or prospective business or customer of any Franchised Center 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 the Franchisor's marks or its system; or
 - (b) employ or seek to employ any person who is at that time or was within 6 months prior to such date, employed by Franchisee or the Franchisor or by any other

* Franchisee is solely responsible for independently determining that this form complies with all applicable laws and is enforceable in the relevant jurisdictions.

franchisee of the Franchisor's or any of their affiliates, or otherwise directly or indirectly induce such person to leave his or her employment; or

- (c) own, maintain, operate, engage in, be employed by, be a consultant to, loan money to, provide any assistance to, be a franchisee of, or have any interest in (as owner or otherwise) any business in competition with the Franchisor, except that after your termination of employment or affiliation with Franchisee, this restriction applies only to such a business located within (i) any Exclusive Area or Territory of the Franchisee; (ii) a radius of 25 miles from any Exclusive Area or Territory of the Franchisee; (iii) a radius of 25 miles from any approved Franchised Center location; or (iv) a radius of 25 miles from any Franchised Center.

You acknowledge you have been advised as to any Exclusive Area or Territory of the Franchisee before signing this Agreement. The restrictions of Paragraph 2(c) shall not apply to your ownership of a less than 5% beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934; or your work for any school licensed by, or recognized as, a school by the state or jurisdiction in which such school operates, provided that you or it does not use for your or its benefit, or for the benefit of others, the Franchisor's confidential information, or disclose any Franchisor trade secret.

3. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely or jointly with the Franchisee. Any violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm, and, therefore, the Franchisor or the Franchisee, or both, may apply for injunctive relief preventing you from violating this Agreement in addition to any other remedies they may have hereunder, at law or in equity. You agree to pay the Franchisor and the Franchisee, as appropriate, all costs each may incur, including, attorneys' fees, if either the Franchisor or the Franchisee seeks to assert any legal rights against you hereunder.

I have read and understand this Confidentiality and Non-competition Agreement and agree to be bound by its terms.

I have a copy of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed your signature.

Signature: _____

Print Name: _____

Address: _____

Witnessed by: _____

EXHIBIT E

TABLE OF CONTENTS OF THE MANUALS

THE GradePower SYSTEM

TABLE OF CONTENTS

The following is a listing of 8 categories consisting of topics covered in our Manual and taught during our training program. Currently, the Manual contains approximately 800 pages.

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R08301

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3. Seeing Behavior Issues Differently
4. I Can Do It Myself
5. Helping Kids Stay On-Task
6. Rethinking Ourselves
7. A Four-Step Process to Great Attention Skills
8. Issues that can Affect Learning

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6. Managing Your Groups
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8. Reporting to Parents
9. SQ-RCRC
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EXHIBIT F
CURRENT AND FORMER FRANCHISEES

	A	B	C	D	E	F	G	H	I	J
1	LOCATION	PHONE	FAX	DIRECTOR	ADDRESS 1	ADDRESS 2	CITY	PROV/ STATE	POSTAL CODE	EMAIL
2	Birmingham, AL	205-980-5745		Anthony Mauro	1401 Doug Baker Blvd., Suite 102		Meadowbrook	AL	35242	hwy280al@gradepowerlearning.com & birminghamal@gradepowerlearning.com
3	Pelham, AL	205-620-2373		Kathleen, Scott & Harry Brown	349 Huntley Parkway		Pelham	AL	35124	pelhamAL@gradepowerlearning.com
4	Elk Grove, CA	916-683-1115		David E. Vallergera Jr. & Lindsey Peralta	9261 Laguna Springs Drive	Suite 120	Elk Grove	CA	95758	elkgrovecal@gradepowerlearning.com lindseyperalta@gmail.com devallergera@gmail.com
5	Aurora, CO	303-928-7644		Olga & Robert Meade	6235 S. Main Street, Suite 210	Southland Mall	Aurora	CO	80016	auroraco@gradepowerlearning.com
6	Coral Gables, FL	305-307-8339		Bryant & Joana Ruano	218 Almeria Avenue		Coral Gables	FL	33134	coralgablesfl@gradepowerlearning.com
7	Fruit Cove, FL	904-429-9664		Alex Fernandez	2550 Race Track Road, Suite B		St. Johns	FL	32259	fruitcovefl@gradepowerlearning.com
8	Largo, FL	727-595-1538		Randall & Janice Haskins	12931 - 35 Walsingham Road		Largo	FL	33774	LargoFL@gradepowerlearning.com
9	Ocoee, FL	407-901-0901		Gina Geloso	286 Moore Road		Ocoee	FL	34761	ocoeefl@gradepowerlearning.com
10	Palm Harbor, FL	727-475-9980		Randall & Janice Haskins	3412 East Lake Road		Palm Harbor	FL	34685	palmharborfl@gradepowerlearning.com
11	Valrico, FL	813-689-6527		Andrew Learned	3212 Lithia Pinecrest Road, Suite 102	Royal Oaks Plaza	Valrico	FL	33596-5678	Valricofl@gradepowerlearning.com
12	Meridian, ID	208-608-5061		Michael Howard	3327 N. Eagle Road, Suite 100	CentrePoint Market Place	Meridian	ID	83646	meridianid@gradepowerlearning.com
13	Naperville, IL	630-355-1600	630-355-1661	Richard & Joanne Bick	3075 Book Road, Suite 119	95th Street Shops	Naperville	IL	60564	naperville@gradepowerlearning.com
14	Louisville, KY	502-785-4416		Pott (Susan) Lim & John Liu	12338 A Shelbyville Road		Louisville	KY	40243	louisvilleky@gradepowerlearning.com
15	Maplewood, MN	651-797-3243		Mohamed Hassan	2515 White Bear Avenue	Suite 14A	Maplewood	MN	55109	maplewoodmn@gradepowerlearning.com
16	Cary, NC	919-462-3330	919-462-3334	Robert & Linda Schmitt	1229 NW Maynard Road	Maynard Crossing Shopping Center	Cary	NC	27513	cary@gradepowerlearning.com
17	Raleigh, NC	919-615-1363		Michael Hawthorne	13220 Strickland Road, Suite 184		Raleigh	NC	27613	raleighnc@gradepowerlearning.com
18	Staten Island, NY	718-987-9200		Anne Garibaldi & Muhammad Imran	1817 Hylan Blvd		Staten Island	NY	10305	statenIslandny@gradepowerlearning.com
19	Tulsa, OK	918-250-5500	918-250-5527	Rachael Armstrong	7715 East 91st, Suite B		Tulsa	OK	74133	tulsa@gradepowerlearning.com
20	Austin South, TX	512-892-7323	512-892-7326	Gordon Falk	4301 W. William Cannon, Bldg. B, Suite 220		Austin	TX	78749	austinsouth@gradepowerlearning.com

	A	B	C	D	E	F	G	H	I	J
1	LOCATION	PHONE	FAX	DIRECTOR	ADDRESS 1	ADDRESS 2	CITY	PROV/ STATE	POSTAL CODE	EMAIL
21	Cedar Park, TX	512-291-3312 (512-265-2448- Round Rock Old)		Gordon Falk	10900 Lakline Mall Drive, Suite 300		Cedar Park	TX	78717	roundrocktx@gradepowerlearning.com
22	Frisco, TX	972-325-1195		Lloyd Moffat & Chinwe Okeke-Moffatt	8811 Teel Parkway, Suite 250		Frisco	TX	75084	friscotx@gradepowerlearning.com
23	Garland, TX	972-675-9505	972-675-9551	Amanda Hein	5435 North Garland Ave., Suite 130		Garland	TX	75040	garland@gradepowerlearning.com
24	Mansfield, TX	817-458-4822		Jennifer Amoakah	111 West Debbie Lane, Suite 103		Mansfield	TX	76063	mansfieldtx@gradepowerlearning.com
25	Plano, TX	972-599-1850		Jhumur Saeed & Zaheer Saeed	4152 W. Spring Creek Parkway, Suite 166		Plano	TX	75024-5314	planotx@gradepowerlearning.com
26	Sugar Land, TX	832-532-0124		Javier Sananez Graciela Cannava Mauricio Bustillo Shella Segnalini	11929 University Blvd, Suite 2E		Sugar Land	TX	77479	sugarlandtx@gradepowerlearning.com
27	The Woodlands, TX	936-271-1700	936-271-0400	Denise & Jerry Boyd	3091 College Park Dr., Suite 305	College Park Plaza Shopping Center	The Woodlands	TX	77384	woodlandstx@gradepowerlearning.com
28	Chesapeake, VA	757-547-9797	757-547-7711	Sarah & James Douglas	805 N Battlerfield Blvd., Unit 123	Knell's Ridge Square	Chesapeake	VA	23320	chesapeake@gradepowerlearning.com
29										
30										
31	Corporate Center									
32	Palatine, IL - Corporate	847-963-9900	847-963-9909	Sandy Swellem	764 West Euclid Avenue	Regency Plaza	Palatine	IL	60067	palatine@gradepowerlearning.com
33										
34	Future									
35	Fairview, OH (opening in January 2019	440-230-3444		Tanya Foose & Dean Baldwin	21679 Lorain Road		Fairview Park	OH	44126	fairviewpark@gradepowerlearning.com
36	El Dorado Hills (Satellite)			David E. Vallerger Jr. & Lindsey Peralta			Elk Grove	CA		

2018 US Former Franchisees as of December 31 2018

LOCATION	NAME	HOME PHONE	CELL PHONE	CITY	STAE ZIP CODE
Conway AR	Jimmy and Audrea Toal	501 428 3322		Conway	72034
Palatine IL	Greg Deering	847 466 7093	630 643 3687	Schaumburg	60193
Skokie IL	Kathleen Peek		312 218 3663	Chicago	60607
Mansfield TX	Amanda Hein (still in the system through ownership of Garland TX		817 504 0508	Carrollton	75007

EXHIBIT H
CONFIDENTIALITY & NON-DISCLOSURE AGREEMENT/
APPLICATION

CONFIDENTIALITY & NON-DISCLOSURE AGREEMENT

This Confidentiality & Non-Disclosure Agreement (this "Agreement") is made _____, _____, between G.B. Tokani, Inc. ("GBT") and _____ ("Applicant").

Applicant has applied to become a franchisee of GBT and, in connection with the application process, may become privy to certain information regarding the business of GBT and its GradePower/Oxford Learning Centers and its franchise locations, that GBT classifies and protects as confidential and proprietary. GBT is willing to divulge such information (as and to the extent it deems appropriate in connection with the Applicant's application) only if the Applicant agrees to protect the confidentiality of such information.

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the sum of One (\$1.00) Dollar, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"Confidential Information" means all information relating to GBT, its affiliates, and their respective businesses and affairs, including all information related to the GradePower® franchise opportunity, furnished by or on behalf of GBT or its affiliates to Applicant or any of Applicant's Representatives, regardless of the manner in which it is furnished or obtained by Applicant or any of its Representatives, but does not include information that: (a) is already published or otherwise readily available to the public, other than by a breach of this Agreement; (b) is rightfully received by Applicant from a third party not in breach of any obligation of confidentiality; (c) is proven to be known by Applicant on a non-confidential basis prior to disclosure hereunder; or (d) is produced in compliance with applicable law or a court order (or similar legal process), provided Applicant complies with the provisions of Section 2.06.

"Purpose" means Applicant's evaluation of the opportunity to purchase a GradePower® franchise and related discussions between GBT and Applicant.

"Representatives" means, in respect of either party, the directors, officers, employees, agents and advisors (including financial advisors and legal counsel) of that party and the directors, officers, employees and agents of any such agent or advisor.

ARTICLE 2- CONFIDENTIAL INFORMATION

2.01 Disclosure of Confidential Information

Nothing in this Agreement obligates GBT to disclose any particular Confidential Information.

2.02 Use of Confidential Information

Applicant shall use all reasonable efforts to protect GBT's interest in the Confidential Information and keep it confidential, using a standard of care no less than the degree of care that Applicant would be reasonably expected to employ for its own similar confidential information, but in all instances no less than a reasonable standard of care. Applicant will use the Confidential Information solely for the Purpose. Applicant will not disclose the Confidential Information to any person other than Applicant's Representatives who have a need to know the Confidential Information for the Purpose. Applicant will:

- (a) prior to disclosing the Confidential Information to any such Representative, issue appropriate instructions to such Representative with respect to the restrictions

that apply to the Confidential Information and obtain the Representative's agreement to receive and use the Confidential Information on a confidential basis on the same conditions as contained in this Agreement and otherwise to comply with the terms hereof;

- (b) when requested by GBT, promptly provide a list containing the full name, title, location and function of each person having access to or copies of the Confidential Information; and
- (c) be responsible for any and all breaches of the terms of this Agreement by its Representatives.

The Confidential Information will not be copied, reproduced in any form or stored in a retrieval system or database by Applicant without the prior written consent of GBT, except for such copies and storage as may be required by Applicant or its Representatives for the Purpose. Applicant will take reasonable security measures and use care to preserve and protect the secrecy of, and to avoid the disclosure or use of, the Confidential Information. Applicant will promptly advise GBT in writing of any misappropriation or misuse by any person of the Confidential Information that may come to its attention.

2.03 Return of Confidential Information

Upon the request of GBT, any Confidential Information it has furnished to Applicant will be promptly returned (accompanied by all copies thereof made by Applicant and its Representatives) and deleted from all retrieval systems and databases by Applicant. With the consent of GBT in writing, any Confidential Information that would otherwise be returned to GBT may instead be destroyed by Applicant. Applicant will deliver to GBT a certificate by an officer of Applicant of such return (or destruction) and deletion.

2.04 Rights in Confidential Information

(1) All right, title and interest in and to the Confidential Information will remain the exclusive property of GBT and the Confidential Information will be held in trust and confidence by Applicant for GBT. No interest, licence or any right respecting the Confidential Information, other than expressly set out herein, is granted to Applicant under this Agreement by implication or otherwise. Nothing herein contained will be deemed to limit or restrict the rights of GBT to assert claims for patent or copyright infringement against Applicant.

(2) This Agreement does not constitute any representation, warranty or guarantee with respect to the accuracy or completeness of any Confidential Information or whether the Confidential Information infringes any rights of third parties. GBT will not be held liable for any errors or omissions in the Confidential Information or the use or the results of the use of the Confidential Information.

2.05 Legally Required Disclosure

If Applicant is requested pursuant to, or required by, applicable law or a court order (or similar legal process) to disclose any Confidential Information, Applicant will provide GBT with prompt notice of such request or requirement in order to enable GBT to seek an appropriate protective order or other remedy or to waive compliance with the terms of this Agreement or both. Applicant will not oppose any action by GBT to seek such a protective order or other remedy. If, failing the obtaining of a protective order or other remedy by GBT, such disclosure is required, Applicant will use its best efforts to ensure that the disclosure will be afforded confidential treatment.

ARTICLE 3 - GENERAL

3.01 Survival

Due to the valuable and proprietary nature of the Confidential Information to GBT the obligations assumed by Applicant hereunder shall (a) be unlimited in time or territory, or, (b) if it is held by a court of competent jurisdiction that this provision is illegal, invalid or unenforceable, shall apply only within those territories within which GBT then carries on business and only up to ten (10) years after disclosure of such Confidential Information.

3.02 Relationship of the Parties

Nothing contained in this Agreement will be deemed to create any partnership, joint venture or relationship of principal and agent between the parties or to provide either party with the right, power or authority, whether express or implied, to create any duty or obligation on behalf of the other party.

3.03 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.04 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

3.05 Assignment

This Agreement may not be assigned by either party without the other party's prior written consent. This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

3.06 Severability

If any provision of this Agreement is held to be invalid or unenforceable in whole in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.07 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by overnight courier, or by electronic means of communication addressed to Applicant as follows:

To GBT:

G.B. Tokani, Inc
o/a GradePower Learning Centers.
230 – 747 Hyde Park Road, London, Ontario
E-Mail: ppoole@gradepowerlearning.com
Attention: Pam Poole

To Applicant:

E-mail:
Attention:

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery or overnight courier will be conclusively deemed to have been given on the day of actual delivery thereof, and if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of Applicant and on the day during which such normal business hours next occur if not given during such hours on any day.

3.08 **Remedies**

Applicant agrees that monetary damages would not alone be sufficient to remedy any breach by Applicant or Applicant's Representatives of any term or provision of this Agreement and that GBT will also be entitled to equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available pursuant to this Agreement or at law or in equity. Applicant further waives any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.

3.09 **Governing Law; Venue**

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the State of Delaware. The parties agree that the exclusive venue for disputes between them may be set in London, Ontario, Canada, or the city of Discloser's then-current headquarters, and the parties each waive any objection they may have to the personal jurisdiction of, or venue in, such courts.

3.10 **Counterparts**

This Agreement may be executed in counterparts, each of which will be deemed to be an original and both of which taken together will be deemed to constitute one and the same instrument.

3.11 **Electronic Execution**

Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

IN WITNESS WHEREOF the parties have executed this Agreement.

_____	)	
[Applicant]	)	G.B. TOKANI, INC.
	)	
Per: _____	)	Per: _____
	)	
	)	
	)	
_____	)	_____
Witness		Witness

Personal Data:



Applicant 1:

Name:			Birth Date:	/	/
SS/SIN#:			Citizenship:		
Address:			City:		
Country:		Postal Code/Zip:		Residence:	☐ Owned ☐ Rented
Email:			Home Phone:		
Cell Phone:			Business Phone:		
# of Children:			Children's Ages:		

Applicant 1 Employment & Education History:

Applicant 1 Current Employment Status:	☐ Full-Time ☐ Part-Time ☐ Casual ☐ Self-Employed ☐ Unemployed				
Current Position Held:				How Long:	

Education & certification (a personal resume is preferred, please attach to this application):

Please indicate last year you completed and whether you graduated.

Education Completed:		Graduated:	
Do you have a Masters/PhD?:			

Applicant 2:

Name:			Birth Date:	/	/
SS/SIN#:			Citizenship:		
Address:			City:		
Country:		Postal Code/Zip:		Residence:	☐ Owned ☐ Rented
Email:			Home Phone:		
Cell Phone:			Business Phone:		
# of Children:			Children's Ages:		

Applicant 2 Employment & Education History:

Applicant 2 Current Employment Status:	☐ Full-Time ☐ Part-Time ☐ Casual ☐ Self-Employed ☐ Unemployed				
Current Position Held:				How Long:	

Education & certification (a personal resume is preferred, please attach to this application):

Please indicate last year you completed and whether you graduated.

Education Completed:		Graduated:	
Do you have a Masters/PhD?:			

Financial Information:

CALCULATION OF TOTAL ASSETS:

List & describe all current assets.

CALCULATION OF TOTAL LIABILITIES:

List & describe all current liabilities, including any amounts for alimony and child support.

	APPLICANT 1 AMOUNT:	APPLICANT 2 AMOUNT:		APPLICANT 1 AMOUNT:	APPLICANT 2 AMOUNT:
Cash (All Financial Institutions):	\$	\$	Bank Loans	\$	\$
Life Insurance:	\$	\$	Mortgages on Real Estate:	\$	\$
Retirement Accounts:	\$	\$		\$	\$
Marketing Securities:	\$	\$		\$	\$
Accounts & Loans Receivable (Itemize):	\$	\$	Others Obligations (Itemize):	\$	\$
Auto(s) (Make & Year):	\$	\$		\$	\$
Real Estate Market Value:	\$	\$		\$	\$
Business Interests:	\$	\$		\$	\$
Other Assets:	\$	\$		\$	\$
	\$	\$		\$	\$
Total Assets (A):	\$	\$	*Total Liabilities (B):	\$	\$
Net Worth (A minus B):	\$	\$			

ANNUAL INCOME:

ANNUAL EXPENDITURES:

Gross Income (Salaries & Wages):	\$	\$	Mortgages/Rental Payments:	\$	\$
Commissions & Bonuses:	\$	\$	Real Estate Taxes:	\$	\$
Dividends & Interest:	\$	\$	Federal/Provincial Income Taxes:	\$	\$
Rental Income:	\$	\$	Insurance Premiums:	\$	\$
Other Income (Itemize):	\$	\$	Credit Cards:	\$	\$
	\$	\$	Consumer Loan Payments:	\$	\$
	\$	\$	Child & Spousal Support, & Maintenance:	\$	\$
Spouse's Gross Income:	\$	\$	Home Utilities:	\$	\$
Other Income (Itemize):	\$	\$	Other Expenses (Itemize):	\$	\$
				\$	\$
				\$	\$
Total Income:	\$	\$	Total Expenditures:	\$	\$

*If you are personally supporting any contingent obligations not listed above (e.g. co-signer, guarantor, endorser), please indicate the details above, including the amount of the obligation.

Personal References:

NAME:	ADDRESS:	PHONE:	EMAIL:	RELATIONSHIP:

Business/Personal Information:

1. Have you ever owned your own business or another franchise? ☐ Yes ☐ No

If yes, what type of business: _____

2. Have you ever failed in business, filed bankruptcy, or compromised with creditors? ☐ Yes ☐ No

3. Are you currently, or have you ever been, involved in any lawsuits? ☐ Yes ☐ No

4. Have you ever been convicted of an indictable offense for which you have not received a pardon? ☐ Yes ☐ No

5. Please list your preference for locations, if granted an GradePower Learning Franchise:

6. If granted an GradePower Learning Franchise, when would you be available to open a location?

☐ Immediately ☐ Within 3 months ☐ Within 6 months ☐ Within 1 year

7. If granted an GradePower Learning Franchise, when would you be available for training?

☐ Immediately ☐ Within 3 months ☐ Within 6 months ☐ Within 1 year

8. How much capital are you able to invest?

9. Do you currently have a source of financing? ☐ Yes ☐ No

10. Will you use personal assets to finance this franchise? ☐ Yes ☐ No

I am submitting this Confidential Application to provide GradePower Learning® with information that will assist in evaluating my qualifications as a Prospective Franchisee. I understand that neither GradePower Learning® nor I are under any obligation whatsoever. I also understand that as part of the application approval process, certain background investigations may be conducted, and a separate authorization and release form must be signed by me before obtaining a Consumer Report.

Applicant 1 Signature: _____

Date: ____/____/____

Applicant 2 Signature: _____

Date: ____/____/____

EXHIBIT I
COMPLIANCE CERTIFICATION

G.B. TOKANI, INC.

COMPLIANCE CERTIFICATION

You are preparing to enter a Franchise Agreement for the establishment and operation of a GradePower Learning franchise. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that GBT has not authorized and that may be untrue, inaccurate, or misleading.

A. I hereby certify that the following information is true and correct:

1. The date on which I received a Uniform Franchise Disclosure Document about GBT and the GradePower Learning franchise:

Date

Initials

2. The date of my first face-to-face meeting with a GBT sales representative to discuss the possible purchase of a franchise:

Date

Initials

3. The date on which I delivered cash, check or other consideration for a deposit on the franchise fee:

Date

Initials

4. The date on which I received a "signature ready" copy of the Franchise Agreement, each addendum and/or other related agreements:

Date

Initials

5. The date I signed the Franchise Agreement, each addendum and/or other related agreements:

Date

Initials

6. The date on which I delivered cash, check or other consideration for the balance of the franchise fee:

Date

Initials

B. Please review each of the following questions carefully and provide honest and complete responses to each question:

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document?

Yes _____ No _____

2. Do you understand all of the information in the Franchise Agreement and the Disclosure Document?

Yes _____ No _____

If "No", what parts of the Franchise Agreement and/or Disclosure Document do you not understand?
(attach additional pages, if necessary)

3. Have you discussed the benefits and risks of establishing and operating a GradePower Learning franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____

4. Has any employee speaking on behalf of GBT made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a GradePower Learning franchise?

Yes _____ No _____

- C. If you have answered "Yes" to question B4 please provide a full explanation in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered "No" to question B4, please leave the following lines blank.**
- _____
- _____

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

Franchisee: _____
(Signature)

Date: _____

Franchisee: _____
(Signature)

Date: _____

Franchisee: _____
(Signature)

Date: _____

EXHIBIT J
FORM OF GENERAL RELEASE

**FORM OF
GENERAL RELEASE**

_____, residing at _____,
 ("Franchisee"), for and in consideration of the sum of One Dollar (\$1.00), cross-releases and other good and valuable consideration received from G.B. TOKANI, INC. with principal offices located at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 ("GBT"), receipt of which is acknowledged, does hereby release and forever discharge GBT, its directors, officers, employees, agents, subsidiaries, successors and/or assigns, and all persons, natural or corporate in privity with them, from all claims, demands and causes of action, known or unknown in law or equity, that Franchisee may now have or that might subsequently accrue to Franchisee upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day and date of this release. Franchisee specifically releases the following claims:

Any and all claims arising out of, or as a result of the execution and performance of a certain Franchise Agreement executed between Franchisee and GBT dated

This release may not be modified, amended or changed orally. Franchisee has carefully read the foregoing release and knows and understands the contents.

IN WITNESS WHEREOF, the Franchisee has duly executed this instrument.

DATED this _____ day of _____, 20_____

FRANCHISEE

STATE OF)
)SS:
COUNTY OF)

Before me this _____ day of _____, 20____ personally came _____ to me known to be the individual described in and who executed the foregoing release, and duly acknowledged that he executed the same.

NOTARY PUBLIC

**This document is not intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.*

EXHIBIT K

RECEIPT

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 G.B. Tokani Inc. offers you a franchise, we must provide this disclosure document to you at least 14 calendar days (or longer in some states) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the signing of any agreement or the payment of any consideration. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If G.B. Tokani Inc. 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 D.C. 20580 and to the relevant state agency listed in Exhibit C.

The franchise sellers for this offering are Lenka Whitehead and Tracy Woods, who are members of our Franchise Department. Our and the franchise sellers' principal address and telephone number is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3, (844) 475-7323.

We authorize service of process at the registered agent address as listed in Exhibit C.

Issuance Date: March 1, 2019

(The state cover page of the disclosure document lists various Effective Dates for Registration States.)

I received the disclosure document issued March 1, 2019 including following Exhibits:

Exhibit A	State Specific Addenda
Exhibit B	SBA Addendum
Exhibit C	State Administrators And Agents For Service Of Process
Exhibit D	Franchise Agreement
Exhibit E	Table Of Contents Of The Manuals
Exhibit F	List Of Franchisees And Certain Former Franchisees
Exhibit G	Financial Statements

Exhibit H Confidentiality & Non-Disclosure Agreement / Application
Exhibit I Compliance Certification
Exhibit J Form of General Release
Exhibit K Receipt

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

Please sign and date this Receipt (with the date that you received the disclosure document), and if you received it electronically via email, also:

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, stating that you received and downloaded this disclosure document; AND:

2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners, or two authorized officers or managers, of an entity franchisee must review all documents and sign individually and on behalf of any legal entity.

RECEIPT

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SIGNED: _____

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DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

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2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners, or two authorized officers or managers, of an entity franchisee must review all documents and sign individually and on behalf of any legal entity.