FRANCHISE DISCLOSURE DOCUMENT

LEARNINGRX FRANCHISE CORPORATION
a Colorado Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
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sales@learningrx.com
www.learningrx-franchise.com

LearningRx Franchise Corporation offers franchises to operate a business for providing learning enhancement, cognitive training (also referred to as brain training), math and reading training and courses using programs and products designed by LearningRx under the trade name LEARNINGRX TRAINING CENTER ("**Center**").

The total investment necessary to begin operation of a LearningRx Franchise ranges from $145,000 to $200,000 including between $60,000 to $83,000 that must be paid to the franchisor or its affiliate.

If you sign an Area Development Agreement, you will pay us an Area Development Fee equal to 40% of our then-current Initial Franchise Fee and Initial Training and Materials Fee multiplied by the number of additional Centers granted pursuant to the Area Development Agreement, after your initial Center. You will be required to open a minimum of two Centers under an Area Development Agreement. The Development Franchise Fee for each additional Center granted pursuant to the Area Development Agreement is equal to 40% of our then-current Initial Franchise Fee and Initial Training and Materials Fee. The total investment necessary for any subsequent LearningRx franchises varies based on the total number of LearningRx locations you commit to develop. For example, the total investment necessary to enter into an Area Development Agreement for the right to develop two Centers is $158,200 (Micro Franchise Centers) to $218,000 (Standard Franchise Centers).

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 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 LearningRx Franchise Corporation at 5085 List Drive, Suite 200, Colorado Springs, CO 80919 and 719-264-8808.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as "A Consumer's Guild to Buying a Franchise," is available from the FTC. You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: December 22, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution:** The franchise agreement and area developer agreement require you to resolve disputes with the franchisor by arbitration only in Denver, Colorado. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Colorado than in your own state.

2. **Sales Performance Required:** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **Spousal Liability:** 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 you and your spouse's marital personal assets, perhaps including your house, at risk if your franchise fails.

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

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

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

To simplify the language in this Franchise Disclosure Document, "**we**," "**us**," or "**LearningRx**" means LearningRx Franchise Corporation, the Franchisor. "**You**" means the person or entity that buys the franchise (the "**Franchisee**"). If an entity is the Franchisee, "**you**" includes the Franchisee's owners.

The Franchisor, Our Parents, Predecessors and Affiliates

LearningRx Franchise Corporation is a Colorado corporation that was incorporated in January 2003. LearningRx Franchise Corporation does not do business under any other name. Our principal business address is 5085 List Drive, Suite 200, Colorado Springs, Colorado, 80919. LearningRx Franchise Corporation's agent for service of process is disclosed in **Exhibit D** to this Franchise Disclosure Document.

LearningRx Franchise Corporation has one parent company. We are a wholly owned subsidiary of LearningRx, Inc., a Colorado corporation ("**Parent**"). Our Parent's address is 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Our Parent is wholly owned by Oikonomos Enterprises, LLC, a Colorado limited liability company. The address of Oikonomos Enterprises, LLC is 5085 List Drive, Suite 200, Colorado Springs, CO 80919.

We do not have any predecessors; however, we do have two affiliates.

1) LearningRx, Inc., a Colorado corporation, which is also our Parent, located at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. LearningRx, Inc. offers a license to operate an educational training program called PACE ("**PACE Program**"), which differs from the System that we will license to you. PACE licensees are granted the right to offer the PACE Program in a designated zip code that may be located in your Territory. LearningRx, Inc. also offers a limited license to operate an educational training program to professionals that is similar to the System that we will license to you ("**Clinical Program**"). The Clinical licensees only offer the Clinical Program in a designated zip code. The designated zip code may be in your Territory. LearningRx, Inc. has never offered franchises in any other line of business.

2) Oikonomos Enterprises, LLC, a Colorado limited liability company, located at 5085 List Drive, Suite 200, Colorado Springs, CO 80919. This affiliate has not and does not sell franchises in this or any line of business.

We have been offering LearningRx Center franchises since February 2003. We have never offered franchises in any other line of business.

Our Parent company currently operates a Center located in Colorado Springs, Colorado which is similar to the franchise being offered to you. This Center has been in operation since August 2002.

Description of the Franchise

We offer franchises for the operation of a business ("**Business**") providing learning enhancement, cognitive training (also referred to as brain training), math and reading training to a variety of people under the LearningRx trademarks, trade names, service marks, and logos ("**Marks**"). The franchise is operated under a business format in accordance with a unique system, including our valuable know how, information, trade secrets, methods, Operations Manual, standards, designs, methods of trademark usage, copyrightable works, Products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the Business (collectively, the "System") owned and developed by us and known as a LEARNINGRX TRAINING CENTER ("**Center**" or "**Training Center**"). In addition, our proprietary learning and development products, including "ThinkRx," "ReadRx," "ComprehendRx," "MathRx," "LiftOff," and any other LearningRx products developed in the future (collectively, the "**Products**"), are designed to support customers in their ongoing training efforts. We reserve the right to change or otherwise modify the System and add, modify, or delete any of our Products at any time at our sole discretion.

You must operate your Center in accordance with our standard business operating practices and sign our standard franchise agreement ("**Franchise Agreement**"), which is attached to this Franchise Disclosure Document as **Exhibit B**. We also offer franchises to existing Franchisees who wish to open additional Centers. Existing franchisees must sign the then-current form of Franchise Agreement and are subject to certain terms which are different from Franchisees opening their first Center as noted in various ITEMS of this Disclosure Document.

We offer one type of franchise, which is available to those persons whom we deem qualified, in our sole discretion, to operate a Business. You may operate one Business for each Franchise Agreement you sign with us. Additionally, we offer a Satellite Location Addendum, which is available to those existing franchisees that have been in operation for two years under a Franchise Agreement and whom we deem qualified, in our sole discretion, to operate a Satellite Location, to open one site in a location in accordance with the specifications in our Operations Manual ("**Satellite Location**"). We also offer to select qualified persons the opportunity to acquire the right to develop Businesses in multiple Territories. We retain the right, in our sole discretion, to choose to award or not to award a LearningRx Franchise to any prospective franchisee, for any reason, and to cease discussions regarding the awarding of a franchise at any time, regardless of the stage of the franchise award process or the time and money spent by you or any other prospective franchisee.

After you have opened your first Center, or if you possess the necessary business operational skills and financial resources, you may request one or more additional territories ("**Development Territory**") in which to have the rights to develop additional Centers ("**Area Development Rights**") within a prescribed schedule ("**Development Schedule**"). If we grant you such right, you will sign our standard area development agreement to open a minimum of two Centers ("**Area Development Agreement**"), which is attached to this Franchise Disclosure Document as **Exhibit C**. The Development Schedule spells out the number of Centers that you agree to have open and operating by certain benchmark dates. Each Center that you develop will be opened and operating under the terms of a separate and then-current form of Franchise Agreement for that Center, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

The Market and Competition

The Center targets its services to the general public. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering

similar services to customers. The market for reading and learning services is developed and highly competitive.

Regulations

There may be specific laws or regulations in your state or municipality regarding the operation of this Center. You should also familiarize yourself with federal, state, and local laws of a more general nature which may affect the operation of your Center. You must comply with employment, health and safety, workers' compensation, insurance, licensing, and similar laws and regulations. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a Center from us.

If you collect any information from customers, it may contain personal information of individuals which is protected by law. You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.

In certain states, you must have a licensed medical professional, psychologist, neuropsychologist, or other licensed psychological examiner to administer or interpret certain tests used in the LearningRx program. It is your responsibility to ensure that only properly credentialed and licensed professionals are administering such tests in compliance with state law. These laws and requirements change periodically, and it is your job to remain in compliance with these changes. The business of operating a LearningRx Training Center franchise is subject to all of the laws, codes and regulations (referred to below generally as "laws") normally applicable to educational businesses. These include: (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws. If you are challenged at any time by a state or regulatory authority regarding your compliance with these laws, you will be solely responsible for paying all expenses, including attorney's fees, incurred by you in defending your business practices.

Franchisor's business model is a hybrid business model providing both in-person live and remote services for clients. Each LearningRx Training Center can operate completely remotely if local government requirements institute shelter-in-place orders or shutdowns.

General Laws Regulating the Education Industry.

Many jurisdictions have daycare or childcare laws which require licensing, bonding, insurance, building code, safety, teacher-to-student ratios, hours, health (e.g. immunizations), instructor licensing, fingerprinting, criminal background checks and other similar requirements.

In some jurisdictions the franchisee may be subject to regulation as if it were a school. In addition to the potential regulations listed above, these could include regulations requiring teacher and curricula accreditation.

Federal. Examples of other federal laws affecting many small 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. State laws may cover the same topics as federal laws. Examples of other state laws affecting many small businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include health and sanitation, building codes, fire codes, permits, and waste disposal.

The above are examples of some, but not all of the laws that may be applicable to the franchised business described in the Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Kim Hanson

Ms. Hanson has served as our Chief Executive Officer since January 2017. Ms. Hanson has also served as our Vice President of Franchisee Support from October 2004 until January 2017. Ms. Hanson has also served as the Director of Product Development for LearningRx, Inc. since May 2002. She is based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, CO 80919.

President & Chief Operating Officer: Dean Tenpas

From October 2004 to the present Mr. Tenpas has served as our President and COO based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, CO 80919.

Director of Marketing: Christine Perry

Ms. Perry became Director of Marketing in March 2021. She is based at our primary business headquarters at 5085 List Drive, Suite 200, Colorado Springs, CO 80919. Ms. Perry served as Director of Marketing for Grease Monkey International, a Quick Lube company, from September 2017 until March 2021 in Greenwood Village, Colorado. Prior to that she was a Product Marketing Manager for TCAG, a Promotions & Inventory Management company, from January 2016 until September 2017 in Littleton, Colorado.

Director of Support: Dr. Jody Jedlicka

Dr. Jody Jedlicka became the Director of Support in July 2022. She is based at our primary business headquarters at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Prior to joining us, Dr. Jedlicka was employed as a clinical audiologist from August 2017 to July 2022.

Colorado Springs Center Director: Terissa Miller

Mrs. Miller became the Colorado Springs Center Director in July 2022. Prior to that she worked with the research arm of LearningRx, the Gibson Institute of Cognitive Research from April 2015 through June 2022.

ITEM 3
LITIGATION

Prior Actions:

Javier Arguello v. LearningRx Franchise Corporation, case no.77 114 00608 13. On December 12, 2013, Mr. Arguello served us with a Demand for Arbitration, alleging wrongful termination of his Franchise Agreement under Colorado and Maryland law, and demanding damages in the amount of $300,000, plus attorney fees and arbitration costs. We filed an Answering Statement and Counterclaim Request on December 20, 2013, denying his allegations and asserting the following 6 counterclaims: (1) breach of the franchise agreement, (2) breach of the nondisclosure agreement, (3) breach of the covenant not to compete, (4) breach of license, (5) improper accounting, and (6) willful infringement of copyright. On August 21, 2014, an arbitrator ruled that Mr. Arguello's Franchise Agreement was terminated without sufficient opportunity to cure the franchisee's various defaults of the Franchise Agreement and awarded Mr. Arguello $223,292 in damages. All of Mr. Arguello's other claims were expressly denied by the arbitrator. The arbitrator ordered Mr. Arguello to comply with the Nondisclosure and Noncompetition Agreement he signed contemporaneously with his Franchise Agreement, which includes a 2-year post-termination covenant not to compete with the System. The arbitrator also ordered Mr. Arguello to return to us the Operations Manual and all other proprietary and confidential information we provided him in connection with his franchise.

Governmental Actions:

In the Matter of the Commonwealth of Virginia vs. LearningRx Franchise Corporation, Consent Order SEC-2009-00071. On or about October 15, 2009, LearningRx Franchise Corporation entered into a consent order with the state of Virginia in full settlement of a claim that LearningRx had offered one franchise in the state of Virginia prior to the completion of the registration process allowing it to do so. Pursuant to the consent order agreed to by LearningRx, and without admitting nor denying the claim, a rescission was offered to the Virginia consumer who had entered into a franchise agreement with LearningRx and LearningRx agreed to reimburse administrative costs of $1,800 in settlement of all such claims.

Federal Trade Commission v. LearningRx Franchise Corporation et al., Civil Action No. 1:16-cv-01159 (D. CO) (May 24, 2016) ("**Action**"). The Federal Trade Commission ("**FTC**") Action alleges certain unsubstantiated claims were made about the benefits of the LearningRx brain training programs. LearningRx vigorously disputes the FTC's allegations. Nevertheless, to avoid the time, expense, and uncertainty of litigation, we determined it was in the best interest of LearningRx Franchise Corp. and the LearningRx franchise system to settle our differences with the FTC. Therefore, we entered into a Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief Against Defendants LearningRx Franchise Corp. and Ken Gibson, which became effective on May 24, 2016 ("**Settlement Agreement**"). In its principal parts, the Settlement Agreement requires: (1) randomized controlled trials, or RCTs, to support cognitive training-related claims of improved performance at work or in athletics; delay of or protection against age-related decline in memory or other cognitive function; and reduction in cognitive impairment or improvement in cognitive function of individuals with health conditions, including attention deficit hyperactivity disorder (ADHD), autism, traumatic brain injury (TBI), or stroke; (2) competent and reliable scientific evidence for all other claims of performance, benefits, or efficacy associated with cognitive training; (3) accurate representation of the existence, contents, validity, results, conclusions, or interpretations of tests, studies, or research, including that the benefits of cognitive training are scientifically proven; and (4) a settlement payment of $200,000, upon which the remainder of the monetary judgment entered in the Action ($4,000,000) will be suspended. The Settlement Agreement also

contains standard compliance reporting and recordkeeping requirements. In compliance with the terms of the Settlement agreement, LearningRx has competed 20 plus studies including randomized controlled trials to meet new FTC regulations, and has also been published in 10 peer reviewed science journals since 2016.

Other than these actions, no litigation is required to be disclosed in this Item**.**

ITEM 4
BANKRUPTCY

No Bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee ("**Initial Franchise Fee**") varies depending upon the size of the Territory. You pay an Initial Franchise Fee based on the number of people residing in Franchisee's Territory. Franchisee must pay an Initial Franchise Fee of $30,000 for a micro franchise ("**Micro Franchise**") (less than 100,000 people), and $45,000 for a standard franchise ("**Standard Franchise**") (100,000 to 200,000 people). The Initial Franchise Fee is fully earned upon signing of the Franchise Agreement, and there are no refunds under any circumstances.

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You must also pay an Initial Training and Materials Fee at the time you sign the Franchise Agreement. The Initial Training and Materials Fee is $10,000 and is fully earned upon payment. There are no refunds of the Initial Training and Materials Fee under any circumstances.

Depending upon the territory size of your LearningRx Center, you must pay us between $2,000 and $3,000 for opening inventory of the student kits and/or workbooks ("**Products**"). Each student will need one or more kits and/or workbooks depending on the program. You must also purchase a trainer kit for each trainer in your Center.

After you have opened your first Center, or if you possess the necessary business operational skills and financial resources, you may request one or more Development Territories in which to have the rights to develop additional Centers within a prescribed Development Schedule. If you sign an Area Development Agreement, then in lieu of the Initial Franchise Fee and the Initial Training and Materials Fee for each additional Center after your first Center, you will owe us a development franchisee fee ("**Development Franchise Fee**") for each additional Center equal to 40% of our then-current Initial Franchise Fee and Initial Training and Materials Fee (i.e., Development Franchise Fee = (then-current Initial Franchise Fee + then-current Initial Training and Materials Fee) x 0.4). At the time you sign the Area Development Agreement you will pay us a non-refundable, lump sum area development fee ("**Area Development Fee**") equal to 40% of our then-current Initial Franchise Fee and Initial Training and Materials Fee multiplied by the number of additional Centers granted pursuant to the Area Development Agreement (i.e., Area Development Fee = ((then-current Initial Franchise Fee + then current Initial Training and Materials Fee) x 0.4) x the number of additional Centers granted pursuant to the Area Development Agreement). Upon signing the Area Development Agreement, the Area Development Fee is fully earned by us and is not refundable to you under any circumstances. You will pay the Development Franchise Fee owed for each additional Center pursuant to the Area Development Agreement at the time you sign the Franchise Agreement for the applicable Center.

If you enter into an Area Development Agreement for one or more Development Territories, you must open at least one new Center in each Development Territory every 12 months.

You must also pay us, at the same time and in the same manner as you pay your Initial Franchise Fee (or, if applicable, your Development Franchise Fee), depending upon the territory size of your LearningRx Center, a fee of between $18,000 and $25,000 for an initial sales and marketing campaign ("**Marketing Launch Fee**"). The Marketing Launch Fee is fully earned by us at the time you sign the Franchise Agreement and is non-refundable for any reason.

During our fiscal year ending September 30, 2022, we did not sell any additional Development Territory.

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	8% of Gross Revenues or the Minimum Monthly Royalty (Notes 2 and 3); adjusted to 7.5% for revenues above $500,000/yr and to 7% for revenues above $750,000/yr (within a calendar year)	Due on the 10th day of each month for the prior month's Gross Revenues	Required of all Franchisees.
Marketing Development Fund ("MDF")	3% of Gross Revenues per month, or the Minimum MDF Payment, up to a maximum of $15,000 per calendar year per Center (Notes 2 & 5)	Due on the 10th day of each month for the prior month's Gross Revenues	Required of all Franchisees. MDF includes the development of: marketing materials, public relations materials, a local Center website, materials for & national outreach to professionals, digital marketing materials and systems, a national website, and other websites. This fund also invests in efforts to publish research studies, hosting, social media management, reputation management, and national SEO efforts for the various web properties.
Boost Marketing Program	Up to $3,000 per year (Note 4)	As Incurred	Includes local SEO services, local call and lead tracking, local web directories, local review sites, and reputation management services. Required of all Franchisees after the 1st year of operation. The 1st year of this expense is included in your Marketing Launch Fee.
Center Marketing Program	Up to $2,000 per month (Note 5)	As Incurred	During the first 6 months of operation, the Center marketing plan will be part of the marketing launch fee. After the 1st year, the Center marketing plan will be required of a Center that generates less than $300,000 gross revenue for a standard franchise or $150,000 for a micro

Name of Fee	Amount	Due Date	Remarks
			franchise for the previous 12-month period and the franchisee fails to meet its minimum marketing requirements for the past 12 months.
Cooperative Advertising Requirement	For the first 6 months of operations, the greater of 3% of Gross Revenue per month or 2/3 of the lowest amount paid by another Center up to the Maximum Cooperative Advertising Requirement. Beginning the 7th month of operations, the Cooperative Advertising Requirement is 3% of Gross Revenues each month up to the Maximum Cooperative Advertising Requirement. The Maximum Cooperative Advertising Requirement is $3,000 per month. (Note 7)	As determined by the cooperative	Advertising contributions made to the advertising cooperatives are determined by majority vote of members of the cooperative. The funds are used to develop and implement special advertising and promotions for the region. These advertising contributions made to the advertising cooperatives count toward local advertising minimums.
Ongoing Purchase of Student/Trainer kits	Our then current fee. We estimate you will spend $3,000 – $5,000 per year	As incurred	Franchisees will purchase an initial inventory of Products currently offered. Each student will need 1 or more kits and/or workbooks depending on the program. Franchisees will also purchase a trainer kit for each trainer in their Center. Franchisees will be required to purchase these from LearningRx on an ongoing basis. The cost of these kits/workbooks/digital programs will vary based on the number of students, your number of trainers, and which program is being used.
Initial Training for Additional Persons	$100 per person per day (Note 8)	As incurred	Training for up to four persons is included in the Initial Training and Materials Fee.
Sales Training	$75 per 60-minute session	As incurred	During the 1st year after execution of the Franchise Agreement, Sales Training is provided to Directors at no cost. A minimum of 4 sessions of Sales Training is required if a Center is below 40% on the consultation closure rates.
Additional Assistance at Your Location	$500 per day (2-day minimum) plus the cost of our travel and living expenses (Note 9)	As incurred	Additional charges only incurred for at-location assistance beyond the initial training.

Name of Fee	Amount	Due Date	Remarks
Transfer Fee	$5,000 to $10,000. (Note 10)	Prior to acceptance of transfer	Payable by transferee before you sell your franchise. This fee does not include the then current Initial Training and Materials Fee.
Satellite Location	$5,000 per year	As incurred	Payable only if you request and we grant you the right to operate a Satellite Location.
Audit	Cost of audit plus 1% interest per any reported time period on understatement	Immediately	We pay all audit costs unless the audit shows an understatement of at least 2% of Gross Revenue for any reported time period
Interest	1% per month, or the maximum interest rate allowed by applicable law, whichever is less	30 days after due date	Franchisees must pay interest on late payments and payments returned to us due to insufficient funds.
Renewal Franchise Fee	$5,000 for Standard Franchisee, unless you are in the top 33% of franchisees in Gross Revenue for the prior calendar year of operations, then $2,000; $4,000 for Micro Franchisee; unless you are in the top 33% of franchisees in Gross Revenue for the prior calendar year of operations, then $1,600	30 days prior to renewal	Initial franchise term is 10 years. The Renewal Term is 10 years.
Computer and Communications Equipment Upgrades and Maintenance	Estimated at $3,400 to a maximum of $5,000	As incurred or as agreed	You must purchase upgrades and pay for maintenance for your computer and communications equipment, including upgrades for any software, or system upgrades when we require you to do so.
Technology Fee	$1,800 – 2,400 per year (Note 11)	Four payments due on the 1st day of each quarter for the prior quarter	You must use our proprietary customer relationship management software as specified by us, as well as other technology systems that may change over time. We reserve the right to change the amount of the Technology Fee upon prior notice to you.
Fines	$100-$3,000	As incurred	We may determine the exact amount of the fine at our sole discretion. Fines may be assessed for your violations of your obligations under the franchise agreement, including but not limited to, for late payments, failure to submit reports, failure to attend training, failure to attend a required conference and use of unauthorized marketing materials.

Name of Fee	Amount	Due Date	Remarks
Seminars, Conventions, Conference Fees	Our then current fee to attend seminars, conventions and conferences we may hold from time to time.	As incurred	The fee will depend on our costs to conduct such seminars, conventions and conferences, including speaker fees and other direct expenses.
Indemnification and Costs and Attorney's Fees	Variable	As incurred	You must reimburse us if we are held liable for claims resulting from your Center operations. You must also pay our attorneys' fees if we take legal action to enforce the franchise agreement due to your breach.
Relocation Fee	No fee for the first request to relocate your Center within the Initial Term of the franchise agreement or any Successor Term. $250 for the second request to relocate within the Initial Term of the franchise agreement or any Successor Term. $500 for the third request to relocate within the Initial Term of the franchise agreement or any Successor Term.		Payable only if we approve your request to relocate your Center.
Reimburse us for Certain Taxes	The amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon required to be collected by, or paid by us or our affiliates on account of services or goods furnished to you.	As incurred	
Interim Period Fee	$250 per month during any interim period	As incurred	Payable only if you operate your Center during any interim period.

1. Fees & Costs. All fees are imposed by and are payable to LearningRx. The fees and costs in this Item 6 are uniformly imposed. All fees are non-refundable.

2. Gross Revenues. "Gross Revenues" means the total of all receipts derived from services or Products sold by you, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, bartering, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services or Products, if free, or any portion not paid for by an employee. Cash income reports from the accounting software, without any deductions for any fees due to collection method, are used to calculate the royalty amounts due each month.

3. Minimum Monthly Royalty. You are required to pay a "Minimum Monthly Royalty" of $500 for Micro Franchises and $800 for Standard Franchises rather than 8% of your Gross Revenues if 8% of your Gross Revenues does not exceed the Minimum Monthly Royalty applicable to your franchise. This minimum starts after the Center has been in operation for 6 full months. On a quarterly basis, royalty totals paid for the quarter are reviewed, and a Center is credited in the month following the quarter, if the average per month over the quarter exceeded the monthly minimums. Example: If monthly gross revenues for a Standard Franchise are $9,000, $31,000 and $30,000 in a quarter, the minimum of $800 would have been paid in

royalties in the first month, but $80 will be credited to the Center since the quarterly royalty total paid exceeded $2,400.

4. Boost Marketing Program. After the 1st full year of operation, you may be required to spend $3,000 per year for Boost Marketing Program activities such as web directories, reputation management and other Boost marketing activities initiated by and paid to us. This amount is in addition to any other advertising requirement and is included in the Marketing Launch Fee for your first year of operation.

5. Center Marketing Program. During the first six months of operation, the Center marketing plan will be part of the Marking Launch Fee. After the first year, the Center marketing plan will be required of a Center that generates less than $300,000 gross revenue for a standard franchise or $150,000 for a micro franchise for the previous 12-month period and the franchisee fails to meet its minimum marketing requirements for the past 12 months.

6. Marketing Development Fund (MDF). You are required to pay the greater of either (i) 3% of Gross Revenues per month, or (ii) the or the "Minimum MDF Payment" of $200 for Micro Franchises and $300 for Standard Franchises, up to a maximum of $15,000 per calendar year per Center into the Marketing Development Fund. Payment into the Fund is due in the same time and manner as the Royalty Fee. On a quarterly basis, Marketing Development Fund totals paid for the quarter are reviewed, and a Center is credited in the month following the quarter, if the average per month over the quarter exceeded the monthly minimums. Example: If monthly gross revenues for a Standard Franchise are $9,000, $31,000 and $30,000 in a quarter, the minimum of $270 would have been paid in MDF fees in the 1st month, but $70 will be credited to the Center since the quarterly royalty total paid exceeded $600.

7. Regional Advertising Cooperative. In your 1st 6 months of operation, you may be required to spend the greater of 3% of Gross Revenues or 2/3 of the lowest amount paid by another Center in the cooperative, but not more than the Maximum Cooperative Advertising Requirement. The Maximum Cooperative Advertising Requirement is $3,000 per month. Beginning the 7th month of your operations, you may be required to spend up to 3% of your Gross Revenues toward the cooperative advertising each month, but not more than the Maximum Cooperative Advertising Requirement each month. These fees count toward local advertising minimums. Your local advertising minimums are $2,000 for Micro Franchise and $3,000 for Standard Franchise or 5% of your Gross Revenues on a monthly basis averaged over a 3-month period for local advertising in your Territory), whichever is greater, and do not represent a separate, additional requirement. Your entire local advertising minimums must be paid to independent 3rd parties. As of the date of this Franchise Disclosure Document, no advertising cooperatives have been formed.

8. Additional Training. Training for you, your Manager and up to two additional employees is included in the Initial Training and Materials Fee. Additional charges of $100 per person, per day are only applied if you choose to train more than four people. Training fees can be increased or decreased by us at any time at our discretion. You must pay all travel expenses for attending training.

9. Additional Assistance. The Initial Training and Materials Fee includes two to three days of on-site assistance about general operational issues (varies based on whether it is a Micro or Standard Franchise) and an advanced consultation training onsite/grand opening visit. Ongoing assistance by telephone is also included. We will charge you the Additional Assistance fee only if you require additional assistance at your location. Fees for additional assistance can be increased or decreased by us at any time at our discretion.

10. Transfer Fees. No Transfer Fee is required if you transfer your Center to a corporation in which you are the majority stockholder, or if you transfer the Center to your child, parent, sibling, or spouse with our approval. The transferee must pay a Transfer Fee of $5,000 and a $10,000 Training and Materials Fee (which includes the refresher training, if deemed necessary by us, at the franchisor's office, onsite training, and an advanced consultation training onsite) if your Center is transferred to another franchisee of ours (a current LearningRx franchisee). In all other cases, the transferee must pay a Transfer Fee of $10,000 and a $10,000 Training and Materials Fee (which includes the initial training at the franchisor's office, onsite training, and an advanced consultation training onsite). The transferee may issue a written request to us for a reduction in the Training

and Materials Fee, only if the transferee is a current LearningRx franchisee. Once a fee reduction request is received, we will provide a written decision within 30 days of receiving your request.

11. Technology Fee. You must pay us a Technology Fee, for each Center, of $1,800 for a Micro Franchise and $2,400 for a Standard Franchise per year for the use of our proprietary Customer Relationship Management Software and other technology systems. Payment of this fee is split into four equal payments due on the 1st day of each quarter of this agreement for the prior quarter, once you are open for business. We reserve the right to change the technology systems you are required to use and to adjust the Technology Fee in our discretion upon reasonable notice to you. If a Center opens in the middle of a quarter, the Technology Fee is then calculated based on a pro-rated portion of the quarter the Center is open. For example, if a Standard Franchise opens May 1, the fee would be $400 (for 2/3 of the quarter). If the Center opens May 15, the fee will be $300 (for ½ of the quarter) when debited in July for the 2nd quarter fees).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT: SINGLE CENTER

Type of Expenditure	Micro Franchise "under" to below 100k in 10-mile radius	Standard Franchise 100k plus in 10-mile radius	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	$30,000	$45,000	Us
Initial Training & Materials Fee (Note 3)	$10,000	$10,000	Us
Marketing Launch Fee (Note 4)	$18,000	$25,000	Us
Travel and Living Expenses While Training	$3,000	$3,000	Airlines, hotels, car rental and restaurants
Security Deposit, First Month's Rent or Real Estate & Improvements (Note 5)	$20,000	$25,000	Landlord and third-party vendors
Furniture & Fixtures	$12,000	$15,000	Third party vendors
Signage	$2,000	$2,000	Third party vendors
Miscellaneous Opening Costs (Note 6)	$2,000	$3,000	Suppliers, utilities, third party vendors
Opening Inventory (Note 7)	$2,000	$3,000	Us
Insurance Policies* (Note 8)	$2,000	$3,000	Insurance carrier
Computer Equipment & Proprietary Software (Note 9)	$4,000	$6,000	Third party vendors
Additional Funds (initial three months) (Note 10)	$40,000	$60,000	Suppliers, third party vendors, etc.
TOTALS (Note 11)	**$145,000**	**$200,000**	

1. Costs & Fees. All fees and costs are non-refundable under all circumstances.

2. Initial Franchise Fees. LearningRx will approve or decline your application within 45 days of our receipt of your completed application and your attendance at Discovery Day. Your Initial Franchise Fee will be due upon signing the Franchise Agreement and is fully earned upon payment. We will not refund the Initial Franchise Fee under any circumstances. If you sign an Area Development Agreement, you must pay an Area Development Fee, which is based on the number of Centers you are authorized to develop. You will pay the Area Development Fee at the time you sign the Area Development Agreement. You will pay the

Development Franchise Fee at the time you sign each additional franchise agreement for the additional Centers you open per the Area Development Agreement (See ITEM 5).

3. Initial Training & Materials Fee. The Initial Training & Materials Fee covers approximately five days of initial training for up to four people and about two to three days of onsite training (varies based on whether it is a Micro or Standard Franchise).

4. Marketing Launch Fee. At the same time, and in the same manner you pay your Initial Franchise Fee, you must pay us a Marketing Launch Fee of between $18,000 and $25,000 (depending on the size of the Territory) for an initial sales and marketing opening campaign with our approved marketing consultant for media, print, and marketing materials and products. You will have approval of the placement of advertising with the spending of the funds. We may apply the Marketing Launch Fee to your minimum Local Advertising Requirement of 5% of Gross Revenues or $2,000 for Micro Franchise and $3,000 for Standard Franchise per month, whichever is greater; the Boost Marketing requirement of $3,000 per year, and/or any Cooperative Advertising Requirement, for the first four months that your Center is open and operating. You are also required to contribute the greater of either (i) 3% of Gross Revenue per month, or the Minimum MDF Payment, up to $15,000 per calendar year to the Marketing Development Fund. This contribution is paid in addition to the Marketing Launch Fee.

5. Security Deposit, First Month's Rent or Real Estate & Improvements. If you do not own adequate space, you must lease the space for your Center. Generally, this will include first and last months' rent, plus a security deposit. Typical locations for Centers are outdoor malls and office buildings. The typical size of a Micro Center is at least 800 square feet and the typical size of a Standard Center is at least 1,000 square feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you; however, we require you to include certain lease provisions. The costs will vary widely and may be significantly higher than projected in this table depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Center.

6. Miscellaneous Opening Costs. These costs include other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees.

7. Opening Inventory. You must purchase an initial inventory of the Products currently offered. Each student will need one or more kits and/or workbooks (workbooks may become fully through digital only access), depending on the program. You must also purchase a trainer kit for each trainer in your Center.

8. Insurance. You must maintain insurance policies covering you and LearningRx Franchise Corporation as an "additional insured" and "Grantor of Franchise" in amounts as specified by us in the Operations Manual. Insurance coverage must include property insurance, general liability including Hired and Non-Owned Auto liability, corporal punishment coverage, child sex abuse and molestation coverage, and special coverage if we approve any request for you to provide in-home training. An Umbrella Liability policy is also recommended. See the Operations Manual for full details.

9. Computer Equipment & Proprietary Software. While we do not require any specific vendors for computer equipment or Internet Service Providers, we reserve the right to require a specific equipment or services provider, including, but not limited to, a phone vendor or specific merchant services provider used for processing payments from LearningRx clients, upon notice to you., as well as requiring that you meet certain minimum standards established periodically and as specified in the Operations Manual. We do require that you have or purchase at least 1 computer system (we recommend that you have or purchase 2 systems) for the operation of your Business. Other equipment for running a digital Brain Lab and for trainers to use the Training Management System will also be needed. You will be also be required to use our proprietary software and pay to us a quarterly Technology Fee (ranging from $1,800 to $2,400 per year depending on the size of your Territory).

10. Additional Funds. This estimates your initial startup expenses for an initial three-month period and does not include any revenue generated by the operation of your Business. These estimates do not include any monthly Royalty Fees, Marketing Development Fund contributions or Cooperative Advertising Requirement contributions. These figures are estimates.

11. We relied on 50 years of experience in the cognitive training business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

YOUR ESTIMATED INITIAL INVESTMENT
AREA DEVELOPMENT AGREEMENT (Two Centers)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Micro Franchise	Standard Franchise			
Initial Investment to Open Initial Micro or Standard Center	$145,000	$200,000	See Estimated Initial Investment: Single Center chart above in this Item 7		
Area Development Fee	$13,200	$18,000	Lump Sum	Upon execution of Area Developer Agreement	Franchisor
TOTALS	$158,200	$218,000			

1. General Note: All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This chart details the estimated initial investment associated with executing an Area Development Agreement for the right to own and operate two Centers, as well as the initial investment to open your first Center under your Development Schedule.

2. Initial Investment to Open Initial Micro or Standard Center: This figure represents the total estimated initial investment required to open either a Micro Franchise Center or a Standard Franchise Center under the Area Developer Agreement. You will be required to enter into our then-current form of Franchise Agreement for the initial Center you open under your Area Developer Agreement. The range includes all of the items identified in the first chart in this Item 7. It does not include any of the costs that you will incur in opening any additional Centers that you are granted the right to open and operate under your Area Developer Agreement.

3. Area Development Fee: The Area Development Fee is equal to 40% of the value of our then-current Initial Franchise Fee and Initial Training and Materials Fee multiplied by the number of additional Centers, after your initial Center, granted pursuant to the Area Development Agreement. The Area Development Fee is for the right to open and operate additional Centers (provided you comply with your development obligations under the Area Developer Agreement). If you choose to open more than two Centers, the Area Development Fee will increase by either $13,200 (Micro Center) or $18,000 (Standard Center) for each additional Center, after your initial Center, that we will grant you the right to open and operate under the Area Developer Agreement.

4. Development Franchise Fee: At the time you sign the Franchise Agreement for each additional Center under the Area Development Agreement, you will pay us the applicable Development Franchise Fee, which is described in greater detail in Item 5 of this Franchise Disclosure Document.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your franchised Center in compliance with your Franchise Agreement. You must strictly follow our Product, service and all policy specifications as

described in the Operations Manual we provide to you or other written or digital materials from us (collectively, the "**Operations Manual**"), which we may modify from time to time, and which may be in print or electronic format. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, customer recognition, advertising support and availability to be furnished to the public in connection with our Marks. In operating the Center, all Products and supplies must conform to our standards and specifications which have been established through years of experience. In the future, we may modify our Product and equipment specifications, including providing training Operations Manuals to you in a digital format. All Operations Manuals and electronic or printed copies remain our property and must be returned once a Center closes and you will be required to pay the shipping costs to return all such Operations Manuals to us.

Currently, we are the only approved or designated supplier of Products or access through the digital Training Management System. Each student will need 1 or more kits and/or workbooks or access to those kits and/or workbooks digitally that you must pay for on the student's behalf, depending on the program. You must purchase a trainer kit for each trainer in your Center. As of the date of this Disclosure Document, we price the student and trainer kits and workbooks at a cost that is less than the cost at which a franchisee could produce them, but we reserve the right to change our pricing at any time with advanced notice to you. You are not permitted to purchase these Products from any other supplier.

We estimate that the cost of purchases for these Products represents approximately 1.5% of your total purchases in connection with the establishment of your Business, and approximately 1% of your ongoing supplies and materials expenses. We will derive income or other material benefit from these purchases. In the Fiscal Year ended September 30, 2022, our affiliate LearningRx, Inc., received $55,864, which is 3.9% of the total revenue of $1,413,126 from these required purchases. In the Fiscal Year ended September 30, 2022, LearningRx Franchise Corporation did not derive income from use of required suppliers.

Certain officers and directors own an indirect equity interest in LearningRx Franchise Corporation. Other than LearningRx, there are no other approved suppliers in which any of our officers own an interest.

You must purchase certain marketing materials, equipment, services, supplies, and materials used to operate your franchise from our approved or designated suppliers as indicated in the Operations Manual. For example, for any agreements signed on or after January 1, 2019, Centers are required to use our designative merchant services provider, as specified in the Operations Manual, for receiving payments from clients at your Center. If you would like to purchase items from another supplier, you may request our "**Supplier Approval Criteria and Request Form**." At no cost to you, upon receipt of the Supplier Approval Criteria and Request Form, we will study the proposed product or service, and within 30 days approve or disapprove the proposed supplier. We base our approval on a number of factors including vendor reputation, quality of products, delivery performance, and credit rating. However, we reserve the right to determine, in our sole discretion, whether the materials meet our standards and specifications. If you do not receive an approval within 30 days, your request will be deemed disapproved. We expect to derive some income from Franchisees' required purchases from designated and approved suppliers in the next and following fiscal years through a program of rebates from some of our designated or approved suppliers. These rebates serve to partially reimburse us for our costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards by our suppliers, but we may receive rebates in excess of our cost to source, approve and monitor suppliers.

We do not currently require you to purchase any particular computer equipment to establish or operate the Business, but we do specify the standards for computer and communication equipment and

Internet access. You will be required to use our proprietary software to use in the operation of your Center. You will pay an annual Technology Fee between $1,800 and $2,400 depending on the size of your Territory. We reserve the right to require you to acquire and use specific technology, computer hardware or software, and other communications equipment, and to change or add other technology, computer-related and communications standards in the future.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our Franchisees in the future and we may receive rebates or volume discounts from our purchase of products that we resell to you. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

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 Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease if any	Sections 8.02 & 10.2	11
b. Pre-opening purchases/leases	Sections 10.02 & 12.6	11
c. Site development and other pre-opening requirements	Sections 10 & 12	11
d. Initial and ongoing training	Sections 8.04 & 8.05	11
e. Opening	Section 8.06	Not applicable.
f. Fees	Section 5	5, 6, 7
g. Compliance with standards and policies/Operations Manual	Section 7.04, 12.02, 1203	11
h. Trademarks and proprietary information	Section 6 & 7	13, 14
i. Restrictions on Products and services offered	Sections 8.03, 12.06	8, 16
j. Warranty and customer service requirements	None	Not applicable.
k. Territorial development and sales quotas	Section 4 and Attachment I	11, 12
l. Ongoing Product and service purchases	Section 12	8, 16
m. Maintenance, appearance & remodeling requirements	Sections 10.01, 10.04 12.02, 12.03	Not applicable.
n. Insurance	Section 12.08	8
o. Advertising	Section 9	11
p. Indemnification	Section 12.14	Not applicable.
q. Owner's participation/management staffing	Sections 12.04	15
r. Records/reports	Section 7	Not applicable
s. Inspection/audits	Section 11	Not applicable

Obligation	Section in Franchise Agreement	Item in Disclosure Document
t. Transfer	Section 14	17
u. Renewal	Section 3	17
v. Post-termination obligations	Sections 13.03, 13.04	17
w. Non-competition covenants	Sections 7.5, 15.01	17
x. Guaranty and Assumption of Franchisee's Obligations	Section 2.03 and Attachment V	15
y. Other: Guaranty	Section 7.04 and Schedule B	15

AREA DEVELOPER'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 Area Developer Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease if any	Section 5	11
b. Pre-opening purchases/leases	Not applicable	Not applicable
c. Site development and other pre-opening requirements	Sections 4 & 5	11
d. Initial and ongoing training	Section 3.02	11
e. Opening	Section 4	Not applicable
f. Fees	Section 3	5, 6, 7
g. Compliance with standards and policies/Operations Manual	Sections 6 & 13	11
h. Trademarks and proprietary information	Not applicable	Not applicable
i. Restrictions on Products and services offered	Not applicable	Not applicable
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Sections 1 & 4	11, 12
l. Ongoing Product and service purchases	Not applicable	Not applicable
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Not applicable	Not applicable
o. Advertising	Not applicable	Not applicable
p. Indemnification	7.04 & 12.02	Not applicable
q. Owner's participation/management staffing	Not applicable	Not applicable
r. Records/reports	Section 4.03	Not applicable
s. Inspection/audits	Not applicable	11

Obligation	Section in Area Developer Agreement	Item in Disclosure Document
t. Transfer	Section 7	17
u. Renewal	Section 2	17
v. Post-termination obligations	Section 9.02	17
w. Non-competition covenants	Section 9	17
x. Dispute resolution	Section 10	17
y. Other: Guaranty	Section 7.04 and	15

ITEM 10
FINANCING

Neither LearningRx nor any agent or affiliate of ours offers direct or indirect financing. LearningRx does not guarantee your note, lease or obligation.

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

Except as listed below, LearningRx is not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin your Business, we will:

1. Designate your Territory in writing and approve, if it meets our standards and specifications for approval, the physical location selected solely by you to be used for the operation of the Center. (See Sections 4 and 10 of the Franchise Agreement).

2. Provide digital access to our confidential Operations Manual, which contains specifications, standards, operating procedures and rules that must be followed. The Operations Manual is confidential and remains our property. We may modify the Operations Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. We have included a copy of the Table of Contents of our Operations Manual as **Exhibit F** to this Franchise Disclosure Document. Given that the Operations Manual is completely electronic, it does not contain a set number of pages, however if it were to be printed, we estimate the total number of pages to be approximately 700. (See Section 7.04 of the Franchise Agreement).

3. Provide limited advice about selecting and analyzing a site for the Center. Your site for a Micro Center must be at least 800 square feet and your site for a Standard Center must be at least 1,000 square feet, unless otherwise approved by us in writing prior to lease execution, and be located inside of your Territory. You must maintain a physical location for your Center at all times. Site selection is your responsibility, but we will assist you in the location selection process by considering population density, income levels, general location guidelines, and the proximity of the proposed site to other LearningRx Centers or any other reasonable criteria. If we cannot agree on the site selection, then you must select 2 alternate sites. We will give you an evaluation of each location. We must approve or disapprove your site within 30 days after we receive notice of the location from you. If we do not approve your site, we may terminate the Franchise Agreement. (See Section 8.02 of the Franchise Agreement).

4. Provide you limited advice about the negotiation of the lease or purchase of a location for your Business, which will be leased or purchased by you from independent third parties. Our assistance in no way constitutes a representation or warranty with respect to the lease or purchase. (See Sections 10.02 and 10.03 of the Franchise Agreement).

5. Approve, if it meets our standards and specifications for approval, plans submitted by you for the design of your Center. Construction or remodeling, if needed, should begin as soon as possible after signing the Franchise Agreement, but, in any case, will not begin later than 6 months after signing the Franchise Agreement. Upon request, we will assist in the development and planning of any construction or remodeling with respect to sign specification and colors and Center layout and design. You must pay for construction or remodeling and all other costs associated with compliance and permits. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. (See Section 10 of the Franchise Agreement).

6. Prior to the opening of your Center, or any other time as may be mutually agreed upon, train you, your designated Manager (as defined in Section 12 of the Franchise Agreement) and up to 2 additional employees as follows (See Section 8.04 of the Franchise Agreement). The instruction materials include the Operations Manual, Power Point presentations, handouts and trainer kits:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Executive Planning	Minimum of 3 Hours	None	Colorado Springs, Colorado
Accounting	Minimum of 2 Hours	None	Colorado Springs, Colorado
Personnel + Training Trainer	Minimum of 3 Hours	None	Colorado Springs, Colorado
Marketing	Minimum of 5 Hours	None	Colorado Springs, Colorado
Sales/Consultations	Minimum of 5 Hours	None	Colorado Springs, Colorado
Skills Testing	Minimum of 2 Hours	None	Colorado Springs, Colorado
ThinkRx Procedures	Minimum of 7 Hours	None	Colorado Springs, Colorado
ReadRx, ComprehendRx, and MathRx Procedures	Minimum of 7 Hours	None	Colorado Springs, Colorado and online via LearningRx University
Quality Control	Minimum of 4 Hours	None	Colorado Springs, Colorado
Policies & Reporting	Minimum of 2 Hours	None	Colorado Springs, Colorado
Job Shadowing	None	Minimum of 2 Hours	Colorado Springs, Colorado
Sales/Consultations	None	Minimum of 6 Hours	onsite – your location
Operation/Procedures	None	Minimum of 22 Hours	onsite – your location
TOTALS	**Minimum of 40 Hours**	**Minimum of 30 Hours**	

Training will be conducted by Heather Borntreger, Kim Hanson, Christine Perry, Natalie Speakman, and Dean Tenpas, who have over 50 years combined experience in the operation of LearningRx Training Centers and over 60 years combined experience in the learning enhancement and cognitive training business. Individually, most of our trainers have a minimum of five years' experience in the operation of a LearningRx Training Center. The instructional materials for our training programs include live instructions, handouts and electronic access to the Operations Manual. The Operations Manual is

completely electronic, but if it were to be printed, we estimate that it would contain approximately 700 pages total.

You and your designated Manager must attend training and complete the training to our satisfaction prior to opening your location. You will not be approved to open unless you have successfully completed Initial Training. If you do not successfully complete this training, you will be required to repeat the training under the same terms as initial training (no training fee but you must pay travel and living expenses). The cost of this training is covered by the Initial Training and Materials Fee for up to four persons. You will, however, be required to pay the travel and living expenses for you, your designated Manager, and your employee(s). All training, except any on-the-job training, will be held at our corporate headquarters in Colorado Springs, Colorado, or at another designated location and are held monthly. Notwithstanding the foregoing, we reserve the right to conduct any or all training virtually, as we determine in our sole discretion. After satisfactorily completing this initial training, there is no mandatory training required, however, you will be required to have center person per Center attend periodic or national conferences and we have the right to charge you a fine for not attending (See ITEM 6).

7. We also provide to you two to three days (varies based on whether it is a Micro or Standard Franchise) of on-the-job initial training at your Center and assistance with respect to opening activities within the first three months of the operation of your Center at no additional cost to you. No additional training is required. (See Section 8.04 of the Franchise Agreement).

You should be able to open your Business within six months after you sign a Franchise Agreement. The factors that affect this time are the ability to obtain a building or lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, and installation of equipment, fixtures and signs. If you do not make reasonable efforts to open your location by the end of nine months or if we do not approve the site for your location, we may terminate the Franchise Agreement and retain all monies received.

During the operation of the Business, LearningRx will:

1. Research new products, services and methods of doing business and provide you with information concerning developments of this research. (See Section 8.09 of the Franchise Agreement).

2. Offer you a reasonable amount of continuing advisory services by telephone during normal business hours. We may also provide to you visits by our field representative, but any additional onsite consultation or advisory services you request may incur a fee. (See Sections 8.04 and 8.07 of the Franchise Agreement).

3. We will include information about your Center on our Website. (See Section 8.11 of the Franchise Agreement).

4. We may provide to you an information database. We reserve the right to charge an additional fee for this service. (See Section 8.06 of the Franchise Agreement).

5. We may implement a centralized purchasing system for you and negotiate prices and terms with suppliers. We may receive rebates from the suppliers for these purchases. We reserve the right to use these funds in our sole discretion. (See Section 8.10 of the Franchise Agreement).

6. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, Product and service developments, training, bookkeeping, accounting, student studies, performance standards, advertising programs and new service procedures. You are

required to have at least one person per Center you operate attend the mandatory portion of any regional or national conferences (attendance at optional pre-training prior to any such conferences is not required). For example, if you operate two Centers, two people are required to attend. When we hold mandatory conferences, you will be required to pay a conference fee per person, and, in addition, you must pay all of the travel and living expenses for you and any other attendees who attend on your behalf. These conferences will be held at our corporate headquarters or at another location chosen by us. We may provide other conferences from time to time, and you may be required to pay a conference fee for these additional conferences based upon the direct costs to us of retaining speakers and other direct expenses associated with the conference. (See Section 8.05 of the Franchise Agreement). We may charge a fine if you do not attend a mandatory conference.

7. We will provide sales training which will be mandatory for Centers that are below 40% on the consultation closure rates. Centers that are required to participate in sales training must do so until their consultation closure rate is at least 40%, or for a minimum of three months, and participate in no less than four training sessions, and must pay us at a rate of $75 per 60-minute session. Sales training will also be provided to Directors operating within the 1st year of the franchise agreement at no additional cost. Directors who are new due to the transfer of a Center must participate in sales training for a minimum of four 60-minute sessions over a minimum of months, until that new director's assessment to student rate reaches at least 40%. (See Section 8.05 of the Franchise Agreement).

8. Provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies you must pay duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing within 15 days from receipt. We reserve the right to utilize advertising developed by you for the use of all Franchisees without any payment or other compensation to you. (See Section 9.03 of the Franchise Agreement).

Advertising Programs

Local Advertising**.** You are required to promote the franchise and advertise on a local basis. You are required to spend the greater of $2,000 for Micro Franchise and $3,000 for Standard Franchise or 5% of Gross Revenues per month on local advertising and promotion in your Territory. Your entire Local Advertising minimum required amount must be paid to independent third parties. Your failure to spend the Local Advertising amount required may result in the reduction or elimination of your Territory or the termination of the Franchise Agreement, in our sole discretion.

Boost Marketing Program: After the 1st full year of operation, you may be required to spend up to $3,000.00 per year for Boost marketing activities such as web directories, reputation management and other Boost marketing activities initiated by and paid to us. This amount is in addition to any other advertising requirement.

Marketing Launch Fee: You pay us a Marketing Launch Fee of between $18,000.00 and $25,000.00 (depending on the size of the Territory) for an initial marketing opening campaign for media, print, public relations, marketing materials and products, and digital marketing services. You will have approval of the spending placement of advertising with the funds.

Center Marketing Plan: During the first six months of operation, the Center marketing plan will be part of the Marketing Launch Fee. After the first year, the Center marketing plan will be required of a Center that generates less than $300,000 gross revenue for a standard franchise or $150,000 for a micro

franchise for the previous 12-month period and the franchisee fails to meet its minimum marketing requirements for the past 12 months.

Advertising Cooperatives: You may, but are not obligated to, join with 1 or more other Franchisees or company-owned Centers in your market area (defined as the immediate metropolitan area within a radius of 25 miles) to form a local cooperative which shall be established and administered by a majority vote of the franchisees in the region in which you operate your Center. We reserve the right to require you to join any advertising cooperative we form. The cooperative will not be required to operate from written governing documents. The local advertising cooperative, when formed, will also assume responsibility for Yellow Pages advertising in the metropolitan area in which the cooperative operates. In your first 6 months of operation you may be required to spend the greater of 3% of Gross Revenues or 2/3 of the lowest amount paid by another Center in the cooperative, but not more than $3,000.00 per month (the "**Maximum Cooperative Advertising Requirement**"), toward the cooperative advertising. Beginning the 7th month of operations, you may be required to spend up to 3% of your Gross Revenues toward the cooperative advertising each month, but not more than the Maximum Cooperative Advertising Requirement each month. The cooperative may impose this requirement on you even if you are not otherwise required to spend money on local advertising. All franchises (including company owned) in the cooperative will contribute to the fund at the same rates. We may accumulate contributions to the Advertising Cooperative, and the balance may be carried over to subsequent years. We may also loan funds to the Advertising Cooperative at such times and on such terms as we determine, in our discretion. No cooperative funds will be used to sell franchises. The advertising cooperative must prepare annual financial statements, which must be delivered to us and all the franchisees in the cooperative within 120 days after our fiscal year end. As of the last fiscal year, no cooperatives were formed, therefore no monies were spent on advertising or carried forward. We reserve the right to form, change, dissolve, or merge advertising cooperatives in our discretion.

Marketing Development Fund (MDF): You will also be required to participate in the national marketing development program. Beginning in the first full month of operation, you must pay to us a contribution to the national Marketing Development Fund ("**Marketing Development Fund**" or "**MDF**") the greater of either (i) an amount of 3% of your Gross Revenues per month, or (ii) the Minimum MDF Payment of $200.00 for Micro Franchises and $300.00 for Standard Franchises, up to a maximum of $15,000.00 per calendar year per Center, at the same time and manner as the Royalty Fee. This minimum starts after the Center has been in operation for 6 full months. We will administer the fund and hold the Marketing Development Fund in a separate bank account. All company-owned LearningRx Centers will be required to contribute to the Marketing Development Fund on the same basis as Franchisees. We will use the Marketing Development Fund for development expenses such as the creation of marketing and sales tools for centers, development and maintenance of websites and Internet marketing, creating Pay-Per-Click campaigns, various digital marketing campaigns, other campaigns Centers can opt into, social media campaigns, media production, public relations, efforts to publish research studies, agency costs and other costs for resources or tools for developing marketing for use by Centers. This may include our attendance at trade shows, and we may also reimburse our administrative expenses incurred in administering the Marketing Development Fund. Development expenditures may or may not be proportionate to your contributions or provide direct benefit to you or any other Franchisee. We are not required to spend any amount on advertising in your particular territory. We will spend the Marketing Development Fund in our discretion, and we have no fiduciary duty to you regarding the Marketing Development Fund. We may accumulate these funds, and the balance may be carried over to subsequent years. If the Marketing Development Fund operates at a deficit or requires additional funds at any time, we reserve the right to loan such funds to the Marketing Development Fund on any terms we determine. An unaudited annual financial statement of the Marketing Development Fund will be prepared within 120 days of the close of our fiscal year and will be available to any franchisee upon request. During our last fiscal year ended September 30, 2022, we spent $356,798.25, with 58.7% of the expenditures spent on Internet marketing, 16.1% spent on

production and development of marketing materials, 11.9% spent on research expenses, 6.1% spent on public relations, 0.8% spent on media production, and 6.4% spent on other miscellaneous marketing projects, resources, and ad placement. No marketing funds will be used to sell franchises.

Other Advertising Programs.

We have the power to create a Franchisee Advisory Board that can be changed, dissolved or merged in our discretion. We have formed a board and we meet periodically meet with a board(s) of LearningRx franchisees ("**Franchisee Advisory Board**") to provide us input. Members of the Franchisee Advisory Board will be selected by us from existing Franchisee's (we may also have members voted in by franchisees of various regions across our system. We will give due consideration to all input from the board(s) but we retain the ultimate decision-making authority and responsibility for all of these matters.

Schedule for Opening

It is estimated that the length of time between the signing of the Franchise Agreement and the opening of your Business will usually be about 1 to 6 months. Factors affecting this length of time include financing arrangements, property lease terms, construction or conversion requirements, and scheduling and completion of the training program.

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular computer brand to establish or operate your business, but we do specify the standards for computer and communication equipment and Internet access, and we require you, at your expense, to have or purchase at least 1 computer system (we recommend that you have or purchase 2 systems) which has been specified by us as capable of running the software necessary for the operation of your Center, as provided in the Operations Manual. We estimate that the cost of the computer system(s) is between $4,000.00 and $6,000.00 and may be purchased from any computer reseller. Other equipment for running a digital Brain Lab® and for trainers to use the Training Management System will also be needed. We have the right to require you to change this system from time to time at your expense and there is no contractual limitation on our ability to require these changes, however, these changes will not exceed $10,000.00 for any given change or upgrade. We reserve the right to specify computer hardware or software and to specify other computer-related standards in the future. We recommend that you obtain a hardware maintenance contract for your computer, either from the system supplier or a third-party service provider, but you are not required to do so.

You must utilize our proprietary software consisting of a contact manager, student tracking, and accounting software. You will be required to use a specific accounting software designated by us for entry of all income and expenses for your Center. You may be required to pay a fee directly to the accounting software company for this accounting software. If you are required to pay a fee directly to the accounting software company in order to use the software, then you must keep an active payment method on file or Franchisor will make the payment if not made on time and your Center will be charged for Franchisor's payment and fined in accordance with the Operations Manual. The cost for these technologies ("**Technology Fee**") is from $1,800.00 to $2,400.00 (depending on the size of your territory) per year and is payable in four equal installments due on the 1st day of the 1st quarter you are open for business for the prior quarter. If a Center opens in the middle of a quarter, the Technology Fee is then calculated based on a pro-rated portion of the quarter the Center is open. For example, if a Standard Franchise Center opens May 1, the fee would be $400.00 (for 2/3 of the quarter). If the Center opens May 15, the fee will be $300.00 (for ½ of the quarter) when debited in July for the 2nd quarter fees). The required software system will be used to perform various functions including sales, accounting, management, and student functions. The system will also be used to record sales made at your Center and we will have independent access to

data recorded in the system. There is no contractual limitation on our right to access your system, but we will only access business data and will not access personal data stored on the computer. We reserve the right to change the technology systems you are required to use and to adjust the Technology Fee from time to time at our discretion upon reasonable notice to you. Except for our obligation to provide maintenance to the software, neither we, our affiliates, nor any third parties, are required to provide ongoing maintenance, repairs, upgrades, or updates to your system. Currently, there are no optional or required maintenance/upgrade contracts for the system.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems.

We require you, at your expense, to obtain Internet access, per the current standards listed in the Operations Manual, in order for us to access the system remotely as well as receive daily communication records from your Center's system. We will provide tutorials on how to operate the system.

Operations Manual:

We will grant you electronic access to our operating Operations Manual that contains mandatory and suggested specifications, standards, and procedures. This Operations Manual is confidential and remains our property. LearningRx will modify this Operations Manual, but the modification will not alter your status and rights under the Franchise Agreement (Franchise Agreement, Section 5). The table of contents is attached as **Exhibit F**.

ITEM 12
TERRITORY

We will grant to you a territory ("**Territory**") defined by population size. A Micro Franchise has a population of less than 100,000; and a Standard Franchise has a population of 100,000 to 200,000 people, as determined by us. Your Territory may be delineated by boundary streets, highways, counties, or zip codes. We will not operate through our current trademarks, any permanent LearningRx Centers or grant franchises for a similar or competitive business within your Territory as long as you meet minimum revenue requirements, but we have the right to do so anywhere outside your Territory at any time. Since we do reserve some rights (see Reservation of Rights below), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may also have pre-existing PACE Licensees and Clinical Licensees offering educational services under different trademarks and trade names operating in your Territory. You will operate from 1 location approved by us and must receive our permission before relocating**.** We will grant approval to relocate if you are in compliance with the Franchise Agreement, you have paid all money owed to us and/or our affiliates, and the proposed location meets our site selection criteria as specified in the Operations Manual. Once established and unless otherwise agreed, the boundaries of your Territory will not be adjusted without our prior written consent regardless of whether the population of your Territory increases or decreases over time.

We will provide limited advice about selecting and analyzing a site for the Center. Your site for a Micro Center must be at least 800 square feet and your site for a Standard Center must be at least 1,000 square feet and be located inside of your Territory, unless approved by us in writing prior to the lease execution. Site selection is your responsibility, but we will assist you in the location selection process by considering population density, income levels, general location guidelines, and the proximity of the

proposed site to other LearningRx Centers or any other reasonable criteria. If we cannot agree on the site selection, then you must select 2 alternate sites. We will give you an evaluation of each location. We must approve or disapprove your site within 30 days after we receive notice of the location from you. If we do not approve your site or any alternate sites, we may terminate your Franchise Agreement. Our assistance in no way constitutes a representation or warranty with respect to the site. (See Sections 8.02 and 10.02 of the Franchise Agreement). If you request to relocate your Center, this will be subject to our approval, which we have the right to grant or deny for any reason or no reason. Any relocation will be subject to the site selection and lease provisions contained in the Franchise Agreement and Operations Manual. You will not be required to pay us a relocation fee ("**Relocation Fee**") for the first request to relocate your Center within the Initial Term of the Franchise Agreement or any Successor Term. You will be required to pay us a Relocation Fee of $250 if you request to relocate your Center a second time within the Initial Term of the Franchise Agreement or any Successor Term. You will be required to pay us a Relocation Fee of $500 if you request to relocate your Center a third time within the Initial Term of the Franchise Agreement or any Successor Term. Any relocation of your Center will be at your sole expense. Our approval will, among other things, be based on the following factors: population density, income levels, general location guidelines, proximity of the proposed site to other LearningRx Centers, and the time it will take to relocate your Center.

Your Territory does not extend to, and you may not advertise independently on, the Internet or World Wide Web. We will maintain LearningRx Center Web pages, which will include information regarding your Center.

If we engage in electronic commerce through the Internet or other computer network site or sell through any other alternative distribution channel, and we receive orders for any System products or services calling for delivery or performance in your Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of your affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will be entitled to no compensation in connection with this.

We and our affiliates can use alternative channels of distribution to make sales within your Territory of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement. We have no duty to pay you any compensation on account of sales of this type within your Territory. We have in the past made sales of this type, but currently we and our affiliates do not make any sales of this type.

To maintain your Territory and license you must maintain, starting 6 months after opening, annual minimum Gross Revenues (the "**Minimum Revenue Quota**") of $50,000.00 for every 100,000 people (or pro-rated portion of 100,000) in your Territory for the first 12 months, $75,000.00 for every 100,000 people (or pro-rated portion of 100,000) in your Territory for the second 12 months and $100,000.00 for every 100,000 people (or pro-rated portion of 100,000) in your Territory for any 12 month period. If you do not meet the Minimum Revenue Quota as outlined above, you will be subject to lose your territory exclusivity and we may choose to offer a Center location to an additional franchisee with your designated territory. This quota is not, and should not be considered, earnings estimate for your Center or representation regarding your potential earnings as a LearningRx Franchisee. We do not furnish or authorize our sales people to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Center. Actual results vary from Center to Center and we cannot estimate the results of any particular franchise. If you fail to meet your Minimum Revenue Quota, we have the right to mandate local advertising expenditures and, if the deficiency continues, to reduce your Territory or terminate your Franchise.

You do not receive the right to acquire additional franchises within your area by this agreement alone. Each Franchise Agreement is a separate and distinct transaction between you and us. You are encouraged to purchase franchise rights to operate additional locations within or outside your local trade area by signing an Area Development Agreement.

However, upon our approval, we may grant you the right to enter into a Satellite Location Addendum to the Franchise Agreement. The Satellite Location Addendum can only be entered into after you have operated the Center granted to you under the Franchise Agreement for two years. The current specifications required for a Satellite Location are contained in our Operations Manual. The Satellite Location Addendum would give you a 1-year license to set up a training location at a site that is not occupied by another franchisee. We are under no obligation to renew a Satellite Location Addendum for any additional term after the initial 1-year period. Further, if a new franchisee signs a Franchise Agreement with a Territory that includes a Satellite Location, the owner of that Satellite Location must shut down the location by the time the new franchisee signs its Franchise Agreement, and transfer all of its customers to that new franchisee. Satellite Locations are not assignable under any circumstances without our written approval. (See **Attachment II of the Franchise Agreement: Satellite Training Site Addendum**.)

If you sign an Area Development Agreement to purchase Area Development Rights, you will acquire the temporary right to develop Centers in 1 or more non-exclusive Development Territories described in a Development Schedule, which you and we must agree upon. The Development Schedule will require you to open at least 1 new Center in each Development Territory every 12 months. Your failure to satisfy the terms of the Development Schedule may result in the termination of your Area Development Agreement, the reduction of your Area Development Rights, or the loss of 1 or more Development Territories, at our discretion. When and if the Development Schedule has been finally satisfied or expires by its terms, you will no longer have rights to your Development Territory, and each Center will be limited to its individual Territory.

Reservation of Rights

Rights We Reserve Under the Franchise Agreement:

As noted above, and as specified in the Franchise Agreement, we will not establish, franchise or license others to establish a LearningRx Center in the Territory during the term of the Franchise Agreement so long as you are in compliance with the Franchise Agreement. However, and despite those promises and obligations, we and our affiliates retain all rights with respect to LearningRx Centers, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including:

1. to own, franchise, license or operate LearningRx Centers or remote training services at any location outside of the Territory, regardless of the proximity to your LearningRx Center. We will not establish within your Territory another franchisee or company-owned outlet which may also use the Marks;

2. to use the Marks and the System to sell any products or services, similar to those which you will sell, except products provided "trainer to student," through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as stores, shops, kiosks, malls, airports, and college campuses, at special events, and other channels of distribution such as, television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve alternative channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, as channels of distribution for us. You may not independently use alternative channels of distribution to make sales within or outside your Territory;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering educational services, at any location, including within the Territory, which may be similar to or different from the business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with the LearningRx Center you operate, wherever located;

5. to acquire and convert to the System operated by us any businesses offering services and products related to providing educational services, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;

6. to implement multi-area marketing programs including regional pricing and service programs, which may allow us or others to solicit or sell to clients, or otherwise dictate service and pricing strategy, anywhere. We also reserve the right to issue mandatory policies to coordinate these multi-area marketing programs including the right to establish minimum or maximum pricing for such programs, as permitted by law; and

7. to permit pre-existing PACE Licensees and Clinical Licensees, if any, to continue to operate in your Territory if their zips codes are included in your Territory, or outside your Territory regardless of proximity to your Territory, under the Marks.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to use our Marks, including the names "**LEARNINGRX**," "**THINKRX**," "**MATHRX**," "**LIFTOFF**," "**COMPREHENDRX**", "**BRAINSKILLS,**" "**BRAIN CAMP,** " and "**READRX**". You may also use our other current or future Marks as we may designate to operate your Business. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator of the Center and shall use the appropriate trademark and copyright marks as indicated by us.

The Marks and the System are owned by our parent, LearningRx, Inc., and are licensed to us and our affiliates. LearningRx, Inc. has granted us a non-exclusive license ("**Intellectual Property License**") to use the intellectual property for purposes of franchising the System around the world. The Intellectual Property License extends for a one year period, commencing June 23, 2011, and the License Agreement will automatically renew for subsequent one year periods provided that we are not in default or do not materially breach the Intellectual Property License by engaging in any activity which damages the Marks or the goodwill of the System.

LearningRx, Inc. has registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"):

Description of Mark	Application Date or Registration Date	Serial Number or Registration Number	Principal or Supplemental Register of the USPTO
LEARNINGRX	May 20, 2003,	2,718,173	Principal
THINKRX	September 16, 2003,	2,764,446	Principal
READRX	September 16, 2003,	2,764,443	Principal
MATHRX	September 23, 2003,	2,766,947	Principal
LIFT OFF	Feb. 13, 2007, Renewed	3,208,140	Principal
ComprehendRx	December 20, 2011,	4,073,038	Principal
BRAINSKILLS	September 11, 2001,	2,487,377	Principal
BRAIN CAMP	June 28, 2016	4,988,515	Principal
STUDYRX	May 24, 2016	4,964,436	Principal
AccelerateRx	August 31, 2021	6,472,859	Principal
PACE PROCESSING AND COGNITIVE ENHANCEMENT	April 3, 2001	2,440,352	Principal
BrainRx	October 18, 2011	4,040,895	Principal
BrainRx	May 28, 2013	4,341,800	Principal
MASTER THE CODE	November 1, 2011	4,048,080	Prinicipal

Periodically we also grant you the right to use other common law trademarks which are owned by LearningRx, Inc. and licensed to us. We do not have a federal registration for those common law trademarks. By not having a Principal Register federal registration for our common law marks, we do not have certain presumptive legal rights granted by registration. You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as we license to you. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are described in the Operations Manual and will be updated from time to time at our discretion.

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending

interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks, which are relevant to your use of these Marks. All required affidavits have been filed.

No currently effective litigation affects our use or ownership rights in a trademark. No currently effective agreements limit our right to use or license the use of our trademarks. All required affidavits have been filed.

In the event of any infringement of, or challenge to, your use of any name, mark or symbol, you must notify us within three days, and we will have the sole discretion to take any such action we deem appropriate in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Marks. We are not obligated to protect your rights to use the Marks. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you. Furthermore, we are not obligated to indemnify you for any losses of any kind that you may incur in connection with any infringement of, or challenge to, our or your rights to use the Marks. If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with such a change. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before starting your Center, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Center name.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by you and your employees are described in Item 11 and the Franchise Agreement. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, as well as any other writings, recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, the advertising materials, the content and format of our products (other than as specifically described below), or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyrighted Works**") in connection with your operation of your LearningRx Center, but these copyrights remain our sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit your use of our Copyrighted Works.

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of LearningRx Centers, formulations for and packaging of products, and training and techniques used to provide services sold at LearningRx Centers, information concerning product and service sales, operating results, financial performance and other financial data of LearningRx Centers and other related

materials are proprietary and confidential ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your LearningRx Center during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce.

You must notify us within three days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents are material to us at this time.

We have the right to inspect, copy and use all records with respect to the clients (in accordance with state and federal law), suppliers, and other services providers of, and related in any way to your LearningRx Center. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and client records. To the greatest extent permitted by law, we may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes, as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the LearningRx Center you, your Manager or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners, Manager or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of the LearningRx Center that you, your Manager or your employees conceive or develop during the term of the Franchise Agreement in all educational businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use, or allow

any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

Each of the following registered copyrights has been registered with the United States Copyright Office. Each is owned by LearningRx, Inc., a Colorado corporation. LearningRx, Inc. licenses the use of each of these copyrights to us and allows us to sublicense them to our franchisees. Each of these copyrights will continue for 95 years from the date of first publication or 120 years from the date of creation, whichever is shorter. There is no ability to renew these copyright registrations under current law.

Copyrights				
Registration Number	**Title**	**Registration Date**	**Description**	**Date of Creation**
TX0007733961	2011 Report of LearningRx Training Results	2013.09.06	Print material	2011
VA0001875173	5 Card Packet	2011.10.17	Print material	2003
TXu001631266	The Purpose Directed Business: An insider's look into the values, strategies, and 15 profitability keys of small business success	2010.01.25	Electronic File (eService)	2009
TX0007363818	THINKRX Cognitive Training Procedures Workbook	2011.06.02	Electronic file (eService)	2005
TX0007363800	READRX Student Manual	2011.06.01	Electronic file (eService)	2003
SR0000675747	Auditory Processing Drill Sheets	2011.06.06	2 compact discs	2003
SR0000675749	READRX Drill Sheets	2011.06.06	6 compact discs	2003
SR0000692613	Gibson Cognitive Test Battery	2011.09.20	Compact disc (CD) + Print material	1999
TX0007435653	LiftOff Skills Training Workbook	2011.10.10	Print material	2005
TX0007433149	MathRx Workbook	2011.09.20	Book	2011
TX0007430328	ReadRx Trainer Manual	2011.09.13	Book	2005
TX0007440719	LearningRx Franchisee Manual	2011.10.17	Print material	2003
TX0007434426	LearningRx Operations Manual	2011.10.14	Print material	2003
TX0007430980	LiftOff Training Card	2011.09.16	Print material	2005
TX0007439436	LearningRx Pre-Assessment Questionnaire	2011.10.17	Print material	2009
TX0007434427	Marketing Playbook	2011.10.14	Print material	2011
TX0008263547	LearningRx.com website	2016.03.14	Electronic file (eService)	2016
TX0007775918	ComprehendRx – Cognitive Training Procedures Workbook	2013.09.25	Print material	2013
TX0007440780	PACE Student Manual	2011.10.17	Print material	2001

Proprietary Information:

You may never, during the Initial Term, any Renewal Term, or after the Franchise Agreement expires, or is terminated, reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality and Covenant Not to Compete Agreement (Attachment IX) to the Franchise Agreement).

Our confidential information will include services, technologies and procedures relating to the operation of a LearningRx; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the LearningRx System; the Operations Manual: methods of advertising and promotion: instructional materials; and other matters.

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

You or an onsite manager ("**Manager**"), both of whom have completed our training program, must directly supervise and participate in the actual day-to-day operation the Center. Neither you nor your Manager may have an interest or business relationship with any of our business competitors. If you are an entity, we do not require that your designated Manager own an equity interest in such entity. However, your designated Manager and each of your officers, directors, partners, shareholders or members (and, if you are an individual, immediate family members) must execute our standard Confidentiality and Covenant Not to Compete Agreement, a copy of which is attached to the Franchise Agreement as Attachment IX. You must complete background checks on all of your employees in accordance with the specifications described in the Operations Manual. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

If you are a business entity, each of your officers, directors, shareholders, partners, and members, plus any individual who owns, directly or indirectly, a 5% or greater interest in you must also sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See Attachment V(a) to the Franchise Agreement). In addition, the spouse or domestic partner of each owner of the franchisee will also need to sign the Spousal and Domestic Partner Guarantee and Assumption of Obligations (See Attachment V(b) to the Franchise Agreement).

ITEM 16
RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

You may offer for sale to the public only those Products and services that are authorized and approved by us.

You must offer all goods and services that we designate as required for all Franchisees within your market area. We have the right to change the goods and services that you must offer in your area, with prior notice to you. We also reserve the right to set maximum or minimum retail prices for use with multi-area marketing and special price promotions. In addition, because enhancing the Brand's competitive position and consumer acceptance for the Brand's products and services is a paramount goal of us and our franchisees, and because this objective is consistent with the long term interest of the System overall, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law, either nationally or regionally. These rights may include (without limitation)

prescribing the maximum and/or minimum program prices which you may charge customers for the products and/or services offered and sold at your franchised Center.

Currently, you must purchase the Products from us. Each student will need one or more kits and/or workbooks, depending on the program. You must purchase a trainer kit for each trainer in your Center. We reserve the right in the future to designate alternate vendors from whom you will purchase kits and/or workbooks. You are not restricted as to individuals to whom you may sell, provided they are located in your Territory. However, we reserve the right to sell similar products, except products provided "trainer to student," to retail locations such as stores, shops, kiosks, malls, airports, and college campuses, at special events, and other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated retail outlets, or over the Internet.

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 the full provisions in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of Franchise term	Section 3	10 years.
b. Renewal or extension of the term	Section 3	If you are in good standing, you can add 1 additional term of 10 years.
c. Requirements for franchisee to renew or extend	Section 3	Sign Successor Franchise Agreement, be current in payments, pay the Successor Franchise Fee. You will be asked to sign a new franchise agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same.
d. Termination by franchisee	Not Applicable	You have no express contractual right unilaterally to terminate the Franchise Agreement for any reason. However, you may terminate under any grounds permitted by state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 13.01	We can terminate if you commit any one of several violations.
g. "Cause" defined – curable defaults	Section 13.01(a)	You have 30 days to cure, including failure to comply with the System, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations.
h. "Cause" defined – non-curable defaults	Section 13.01(b)	Non-curable defaults include misrepresentation by you, failure to complete initial training, bankruptcy†, insolvency, or appointment of receiver, repeated defaults even if cured, abandonment, trademark misuses and unapproved transfers.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Sections 13.02, 13.03	Obligations include complete de-identification, non-competition and payment of amounts due.
j. Assignment of contract by franchisor	Section 14, Attachment XI	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 14.03	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by Franchisee	Section 14.04-14.06	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 14.04	New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, escrowed funds for transferee's initial marketing, general release signed by you*, and current agreement signed by new Franchisee.
n. Franchisor's right of first refusal to acquire franchisee's Business.	Section 14.07, Attachment XI	We can match any offer for your Business.
o. Franchisor's option to purchase your Business	Section 14.07, Attachment XI	We may purchase your inventory and equipment at fair market value if franchise is terminated for any reason.
p. Death or disability of franchisee	Section 14.06	Franchise must be assigned by estate to approved buyer within 120 days.
q. Non-competition covenants during the term of franchise	Section 15.01	Except as restricted by applicable state law, no involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.01	Except as restricted by applicable state law, no involvement in competing business for 2 years within Territory, within adjacent counties, 50 miles from Territory or another LearningRx franchisee, on the internet or other Multi-Area marketing channels
s. Modification of agreement	Sections 7.04, 8.09, & 18.02	No modifications generally but Operations Manual subject to change.
t. Integration/merger clause	Section 18.01	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the franchise disclosure document and franchise agreement may not be enforceable. Nothing in this Agreement or in any related agreements is intended to disclaim the representations LearningRx made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be mediated and then arbitrated.
v. Choice of forum	Section 16.06	Mediation, arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Colorado. (Subject to State law)*
w. Choice of law	Section 16.06	Colorado law applies. (Subject to State law)*

* See **Exhibit E**.

AREA DEVELOPER AGREEMENT

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

Provision	Section in Area Developer Agreement	Summary
a. Length of Franchise term	Section 2	Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of the number of months described in Schedule A from the Effective Date, or (b) completion of the term of the Development Schedule.
b. Renewal or extension of the term	Section 2	At the Franchisors discretion and if you are in good standing you can add 1 additional term as described in a renewed Schedule A.
c. Requirements for franchisee to renew or extend	Section 2	Area Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor, and the parties agree in writing to an extension of the Development Schedule
d. Termination by franchisee	Not Applicable	You have no express contractual right unilaterally to terminate the Franchise Agreement for any reason. However, you may terminate under any grounds permitted by state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 6.01	We can terminate if you commit any one of several violations.
g. "Cause" defined – curable defaults	Not Applicable	Not Applicable
h. "Cause" defined – non-curable defaults	Section 6.01	Failure to comply with the Development Schedule, fail to perform any obligations under this Agreement or any individual Franchise Agreement, Termination of any individual Franchise Agreement cease to be a franchisee in good standing or fail to comply with the provisions on transfer contained in this agreement.
i. Franchisee's obligations on termination/nonrenewal	Sections 9.02	Obligations include complete de-identification, non-competition and payment of amounts due.
j. Assignment of contract by franchisor	Section 7.01	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Section 7.02	Includes transfer of contract or assets or ownership change.

Provision	Section in Area Developer Agreement	Summary
l. Franchisor approval of transfer by Franchisee	Section 7.03	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 7.03	New Area Developer qualifies, all monetary obligations satisfied, ADA not in default of any agreement, Transfer Fee paid, purchase agreement approved, training arranged, general release signed by you*, and current agreement signed by new Franchisee.
n. Franchisor's right of first refusal to acquire franchisee's Business.	Section 7.06	We can match any offer for your Business.
o. Franchisor's option to purchase your Business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of franchise	Section 9.01	Except as restricted by applicable state law, no involvement in competing business anywhere in U.S.*
r. Non-competition covenants after the franchise is terminated or expires	Section 9.02	Except as restricted by applicable state law, no involvement in competing business for 2 years within Development Territory, within adjacent counties, 50 miles from Development Territory or another LearningRx Area Developer or LearningRx Training Center, on the internet or other Multi-Area marketing channels
s. Modification of agreement	Sections 11.02	None except by a written agreement signed by the parties.
t. Integration/merger clause	Section 11.01	Only the terms of the Area Developer Agreement are binding (subject to state law). Any representations or promises made outside the franchise disclosure document and franchise agreement may not be enforceable. Nothing in this Agreement or in any related agreements is intended to disclaim the representations LearningRx made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 10.01	Except for certain claims, all disputes must be arbitrated.
v. Choice of forum	Section 10.02	Mediation, arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Colorado. (Subject to State law)*
w. Choice of law	Section 10.02	Colorado law applies. (Subject to State law)*

* See **Exhibit E**.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Centers generated on average more revenue after Covid than before Covid in 2019. Franchisees reported that many families were concerned about learning losses that students experienced while students were kept at home during the pandemic lockdown. Franchisees also reported that parents became more aware of learning struggles up

The information in Table One represents all franchised Center that had complete data and were opened for the full 12 months during the fiscal year is organized into four quartiles ("**Quartiles**") which were determined based on the Total Revenues generated by the Centers during our last fiscal year based upon the business records and financial statements prepared by our Affiliate and our franchisees which were prepared in a manner consistent with generally accepted accounting principles. CHART ONE also includes information for four Micro Franchises.

The first Quartile is comprised on the ten centers that generated the highest Total Revenue Charged during our last fiscal year ("**First Quartile**"); the second Quartile is comprised of the ten Centers that generated the second highest Total Revenue Charged during our last fiscal year ("**Second Quartile**"); the third Quartile is comprised of the nine Centers that generated the third highest Total Revenue Charged during our last fiscal year ("**Third Quartile**"); and the fourth Quartile is comprised of the ten Centers that generated the lowest Total Revenue Charged during our last fiscal year ("**Fourth Quartile**").

CHART TWO includes information for the Total Revenue Charged for all Centers, including Micro Franchises, for the fiscal year ending September 30, 2022 as compared to the fiscal year ending September 30, 2021.

CHART THREE includes sample Profit and Loss statements from four Centers for the fiscal year ending September 30, 2022, based on revenue and expenses self-reported by each Center. The information for the Center in each Quartile and the Micro Franchise that most closely follows the LearningRx expense model is included in CHART THREE.

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CHART ONE: LEARNINGRX CENTERS AVERAGES BY QUARTILE

The chart below represents all centers that were open for the full 12 months in fiscal year October 2021 – September 2022 and that had completed data during that period.

	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Number of Centers	**10**	**10**	**11**	**11**
Average Sales	**$571,754**	**$369,397**	**$259,314**	**$138,828**
High Sales	$692,583	$438,842	$294,613	$198,180
Low Sales	$466,652	$296,158	$214,064	$85,537
Median Sales	$544,744	$371,114	$262,774	$133,009
Average Admin Payroll	**$122,944**	**$54,119**	**$27,647**	**$14,938**
High Admin Payroll	$251,729	$112,556	$74,606	$61,573
Low Admin Payroll	$11,347	$12,296	$5,455	$1,449
Median Admin Payroll	$97,122	$57,172	$12,132	$6,695
Avg. Net Operating Income (Cash Basis)	**$51,588**	**$29,002**	**$28,783**	**$7,646**
High NOI	$239,551	$75,203	$77,678	$29,634
Low NOI	-$113,519	-$35,826	-$33,148	-$22,847
Median NOI	$37,696	$31,568	$26,944	-$3,517
***Avg. Adjusted Net Operating Income**	**$87,296**	**$31,003**	**$18,723**	**-$13,831**
High Adjusted NOI	$133,954	$70,995	$78,002	$5,342
Low Adjusted NOI	-$9,577	$2,929	-$64,576	-$36,960
Median Adjusted NOI	$89,909	$31,550	$22,777	-$10,834
Avg. Monthly Local Marketing	**$3,987**	**$2,954**	**$2,192**	**$1,787**
High Marketing	$6,327	$6,026	$5,090	$3,621
Low Marketing	$1,517	$1,404	$1,295	$439
Median Marketing	$3,774	$3,257	$1,689	$1,553
Average Student Program Fee	**$10,605**	**$8,996**	**$7,969**	**$7,164**

*Adjusted to 40% payroll

CHART TWO: ALL LEARNINGRX CENTERS TOTAL REVENUE CHARGED

The numbers in the table below represent all franchised Centers that had complete data and that were open for the full 12 months during fiscal year October 2021 – September 2022 and for fiscal year October 2018 – September 2019.

Table I: Average Gross Sales for the Years Ending September 2022 and September 2019

	2022	2019	Percent Difference
Average Sales:	**$338,520**	**$307,814**	**10%**
High Sales	$692,583	$619,271	12%
Low Sales	$85,537	$68,130	26%
Median Sales	$288,489	$278,400	4%
Top Half Average:	**$484,610**	**$420,815**	**15%**
High Sales	$692,583	$619,271	12%
Low Sales	$296,158	$299,639	-1%
Median Sales	$452,747	$393,475	15%
Bottom Half Average:	**$199,071**	**$185,396**	**7%**
High Sales	$294,613	$297,032	-1%
Low Sales	$85,537	$68,130	26%
Median Sales	$206,122	$182,390	13%
Average Student Program Fee	**$9,109**	**$8,288**	**10%**

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CHART THREE: ACTUAL CENTER SAMPLE PROFIT AND LOSS STATEMENTS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2022

	Center A	**Center B**	**Center C**	**Center D**
Total Revenue Collected	$609,125.04	$474,001.61	$389,457.55	$260,818.16
Total Revenue Charged	$681,324.06	$500,904.84	$355,715.04	$282,364.16
Total Expenses	$483,785.73	$316,299.33	$348,412.86	$198,870.16
Total Local Marketing Expenses	$60,489.85	$18,204.40	$48,302.43	$16,861.93
Net Operating Income (Based on Collections)	$125,339.31	$157,702.28	$41,044.69	$61,948.00
Total Other Income	($13.46)	($46,406.46)	($26.63)	($1.97)
Total Other Expenses	$0.00	$2,018.23	$1,143.42	$13,855.44
Net Income (Including Collections and Other Income)	$125,325.85	$109,277.59	$39,874.64	$48,090.59
Profit % (Non-adjusted)	21%	26%	10%	18%
Profit (Adjusted for 40% Payroll)	$69,744.70	$128,226.25	$28,244.31	$78,001.93
Profit % (Adjusted for 40% Payroll)	11%	27%	7%	30%
Receivable Turn Days	119	169	59	91
Total Leads	524	291	531	229
Total Prospects	285	161	183	90
Assessments	109	93	102	76
New Students	54	42	52	48
Marketing Cost/Prospect	$212.25	$113.07	$263.95	$187.35
Marketing Cost/Student	$1,120.18	$444.01	$928.89	$411.27
Average Case Size	$11,906.00	$11,651.95	$6,184.17	$6,236.19
RF Referrals (Marketing Source)	56	26	33	27

% Assessment / Prospect	38%	58%	56%	84%
% Student / Assessment	50%	44%	51%	54%
% Student / Prospect	19%	25%	28%	46%
Total Revenue Collected	$609,125.04	$474,001.61	$389,457.55	$260,818.16
Total Revenue Charged	$681,324.06	$500,904.84	$355,715.04	$282,364.16
Core Program Revenue Charged	$642,924.15	$477,729.94	$321,577.04	$255,683.66
BrainSkills	$0.00	$398.00	$0.00	$0.00
ComprehendRx	$73,375.27	$1,427.95	$4,131.95	$0.00
Einstein	$147,635.55	$43,848.81	$168,227.45	$0.00
LiftOff	$37,740.00	$0.00	$5,301.00	$14,537.00
MathRx	$60,233.02	$0.00	$12,921.00	$17,354.00
ReadRx	$235,705.79	$258,463.39	$93,783.70	$157,285.11
ThinkRx	$88,234.52	$173,591.79	$37,211.94	$66,507.55
Other Revenue Charged	$38,399.91	$23,174.90	$34,138.00	$26,680.50
Assessment	$36,077.00	$20,364.00	$13,975.00	$9,742.00
Miscellaneous	$2,322.91	$2,810.90	$20,163.00	$16,938.50
Secondary Program Revenue Charged	$499.00	$2,806.45	$840.00	$11,593.00
Adult Brain Booster	$0.00	$1,802.00	$0.00	$9,995.00
Other	$0.00	$6.45	$840.00	$1,598.00
StudyRx	$499.00	$998.00	$0.00	$0.00
Accounts Receivable	$222,405.66	$232,182.90	$57,714.95	$70,205.19
Total Expenses	$483,785.73	$316,299.33	$348,412.86	$198,870.16
Total Marketing Expenses	$75,382.74	$28,772.14	$57,371.27	$23,140.60
MDF Marketing Development Fund	$14,892.89	$10,567.74	$9,068.84	$6,278.67

Total Local Marketing Expenses	$60,489.85	$18,204.40	$48,302.43	$16,861.93
Digital Marketing	$25,001.66	$6,152.61	$25,085.24	$9,276.88
Direct Mail	$3,146.00	$0.00	$2,190.00	$0.00
Other Advertising	$19,330.12	($226.21)	$6,986.98	$0.00
Print Ads	$0.00	$0.00	$0.00	$242.26
Radio	$6,448.00	$11,463.00	$13,990.21	$4,940.00
Referrals	$2,388.32	$0.00	$50.00	$0.00
TV Television	$0.00	$0.00	$0.00	$0.00
WB Web	$4,175.75	$815.00	$0.00	$2,402.79
Bank and Credit Card Fees	$7,217.07	$9,454.90	$5,513.77	$3,569.79
Facilities	$75,183.18	$40,138.98	$46,945.70	$12,757.93
Insurance	$3,432.00	$12,217.74	$1,623.00	$2,659.00
Miscellaneous	$19,186.99	$1,956.34	$14,685.87	$3,406.48
Outside Services	$25,976.49	$5,770.70	$5,806.94	$5,647.10
Payroll Administration	$85,485.46	$81,475.41	$73,470.37	$74,606.03
Payroll Trainers	$102,569.95	$78,649.20	$69,512.27	$45,775.16
Royalty LearningRx	$61,571.55	$28,180.62	$36,275.32	$6,867.15
Supplies	$24,313.44	$7,744.83	$26,629.27	$8,632.51
Taxes (Non-Payroll)	$246.43	$15,737.57	$1,246.72	$11,694.78
Travel and Entertainment	$3,220.43	$6,200.90	$9,332.36	$113.63

Notes

1. Total Revenues means the total of all receipts derived from services or Products sold by LearningRx Centers, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, bartering, or other means of exchange. Total Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that the franchisee realizes no revenue, and employee receipt of services or Products, if free, or any portion not paid for by an employee. Cash income reports from the accounting software, without any deductions for any fees due to collection method, are used to calculate the royalty amounts due each month.

2. The Total Revenue Charged is based on the accrual method. These sums reflect the actual amounts billed to clients during the fiscal year commencing October 1, 2021 through September 30, 2022 ("**Reporting Period**"). The Total Revenue Collected reflects the actual amount of gross revenues collected during the Reporting Period.

3. The Total Expenses figure reflects all of the expenses incurred for the Reporting period other than certain taxes for Centers in each Quartile. Such expenses include Local Marketing Expenses, Marketing Development Fund contributions, Royalty payments, bank and credit card fees, facility expenses, insurance, payroll, outside services, supplies, travel and entertainment, and other miscellaneous expenses. Miscellaneous expenses include expenses such as the Better Business Bureau. Outside services include legal and accounting services and technology fees and IT support.

4. The Net Operating Income is the actual net income for the Reporting Period before any interest or taxes are paid.

5. The LearningRx expense model allows for all payroll, including administrative and training staff payroll, to be 40% as a percentage of revenue. Adjusted Profit has been adjusted to show what Profit would be for each Center if 40% payroll was achieved. The Profit Percentage adjusted to 40% Payroll includes a 20% administrative salary.

6. The Payroll Administration expense category may include a Center director's and assistant director's salaries. If the franchisee is the Center director, that salary would be included as part of the franchisee's income.

7. Center D in Chart Five represents the profit and lost statement for the Center operated by our Affiliate.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, LearningRx Franchise Corporation does not make any financial performance representations. 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 LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, CO 80919 at 719-264-8808, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1: Systemwide Outlet Summary for Fiscal Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	60	52	-8
	2021	52	46	-6
	2022	46	46	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	61	53	-8
	2021	53	47	-6
	2022	47	47	0

Table No. 2: Transfers of Franchised Outlets for Years 2020-2022

State	Year	Number of Transfers
Hawaii	2020	0
	2021	1
	2022	0
Ohio	2020	0
	2021	0
	2022	1
New Jersey	2020	1
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	2
Totals	**2020**	**1**
	2021	**1**
	2022	**3**

Table No. 3: Status of Franchised Outlets for Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	1	1
Colorado	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Florida	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Georgia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	1
Hawaii	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	1	0	0	0	0	0	1
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Minnesota	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
New Jersey	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
New Mexico	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	5	0	1	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	3	0	0	0	0	3
Texas	2020	15	1	0	0	0	5	11
	2021	11	0	0	0	0	3	8
	2022	8	0	0	0	0	0	8
Virginia	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Washington	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Wisconsin	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Total Outlets	**2020**	**60**	**2**	**1**	**0**	**0**	**9**	**52**
	2021	**52**	**0**	**0**	**0**	**0**	**6**	**46**
	2022	**46**	**2**	**0**	**0**	**0**	**2**	**46**

Table No. 4: Status of Company-Owned Outlets for Years 2020-2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	**2020**	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total Outlets	**2020**	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5: Projected Openings as of September 30, 2022

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Colorado	1	1	0
Florida	0	1	0
Illinois	0	1	0
Oregon	0	1	0
Texas	0	2	0
Virginia	0	1	0
Wisconsin	0	1	0
TOTALS	**0**	**8**	**0**

LISTS OF CURRENT & FORMER FRANCHISES

Current Franchisees

The name, business address, and business telephone number of each current franchisee as of the end of our last fiscal year, which is September 30, 2022, are listed below.

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Robyn Chancellor	rchancellor@learningrx.net	(480) 855-9099	900 W. Chandler Blvd. Suite A-1	Chandler	AZ	85225
Noha Talkhan Marwan	noha.tmarwan@learningrx.net	(657) 212-5686	3152 Red Hill Ave., Suite 130	Costa Mesa	CA	92626
Mike Winchell	mike.winchell@learningrx.net	(970) 672-2020	1100 Haxton Dr. Suite 105	Fort Collins	CO	80525
Kathi Miracle	kmiracle@learningrx.net	(720) 308-5359	6293 Braun Circle	Arvada	CO	80004
Angela Fox	afox@learningrx.net	(850) 466-4999	4305-A Spanish Trail	Pensacola	FL	32504
Susie McDaniel	s.mcdaniel@learningrx.net	(770) 475-3276	10220 Medlock Bridge Rd., Suite 101	Johns Creek	GA	30022
Susie McDaniel	s.mcdaniel@learningrx.net	(404) 252-7246	5180 Roswell Road, South Building, Suite 2	Atlanta	GA	30342
Tanya Mailo	tanya.mailo@learningrx.net	(808) 726-0626	98-1247 Kaahumanu St.	Aiea	HI	96701

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Patrick & Courtney Axline	p.axline@learningrx.net	(319) 393-0067	5815 Council Street NE, Unit #C	Cedar Rapids	IA	52402
Tara Barlow	tbarlow@learningrx.net	(309) 617-2311	10322 Centerway Drive, Suite B	Peoria	IL	61615
Heather Koenig	heatherk@learningrx.net	(317) 845-1999	12242 E. 116th Street, Suite 400	Fishers	IN	46037
Molly Hastings-Parke	molly.r@learningrx.net	(502) 423-3713	9407 Westport Rd., Suite 105	Louisville	KY	40241
Donesa Walker	d.walker@learningrx.net	(318) 797-8523	8856 Youree Dr., Suite D	Shreveport	LA	71115
Rich Frieder	rich@learningrx.net	(651) 686-1066	2874 Highway 55	Eagan	MN	55121
Baird Johnson	baird.johnson@learningrx.net	(952) 949-6900	16374 Wagner Way	Eden Prairie	MN	55344
Baird Johnson	baird.johnson@learningrx.net	(763) 746-5850	101 Broadway St W ,# 102	Osseo	MN	55369
Darci Stanford	darci.stanford@learningrx.net	(507) 414-7287	130 East Vine Street	Owatonna	MN	55060
Rich Frieder	rich@learningrx.net	(952) 226-1115	5733 Eagan Drive	Savage	MN	55378
Baird Johnson	baird.johnson@learningrx.net	(651) 287-1441	500 Hwy 96 W, Suite 100	Shoreview	MN	55126
Rich Frieder	rich@learningrx.net	(651) 262-5900	650 Commerce Drive, Suite 130	Woodbury	MN	55125
Greg Huntington	greg.huntington@learningrx.net	(919) 232-0090	8305 Six Forks Rd., # 207	Raleigh	NC	27615
Ashu Jain	ajain@learningrx.net	(732) 444-8579	176 US Hwy 9N, Northpoint #202	Marlboro	NJ	07746
Romana Kulikova	romana.k@learningrx.net	(973) 376-4646	70 Essex Street, Suite 105	Millburn	NJ	07041
Michael Di Cristino	mike.dicristino@learningrx.net	(908) 222-7246	34 Mountain Blvd	Warren	NJ	07059
Steve Buie	sbuie@learningrx.net	(330) 668-9711	150 Springside Dr., # B240	Akron	OH	44333
Sarah Eichsteadt	Sarah.e@learningrx.net	(614) 726-7000	6465 Reflections Dr, # 240	Dublin	OH	43017
Michelle Davis	m.davis@learningrx.net	(423) 305-1599	2040 Hamilton Place Boulevard	Chattanooga	TN	37421
Tiffany Leader	leadert@learningrx.net	(615) 601-3254	100 Cool Springs Blvd., #200	Franklin	TN	37067
Courtney Bartlett	cbartlett@learningrx.net	(865) 246-6326	9311 S. Northshore Dr.	Knoxville	TN	37922
Julie Chambers	julie.chambers@learningrx.net	(469) 464-5888	1900 Justin Road.	Highland Village	TX	75077
Julie Chambers	julie.chambers@learningrx.net	(972) 432-6544	3550 Parkwood Blvd, # 210	Frisco	TX	75034
Lisa Branch	lbranch@learningrx.net	(936) 295-4579	49 State Highway 75 North	Huntsville	TX	77324
Gina Cruz	gcruz@learningrx.net	(210) 967-6278	1270 N. Loop 1604 E., Suite 1302	San Antonio	TX	78232
Whitney Keener	wkeener@learningrx.net	(210) 699-6463	6222 De Zavala, #203	San Antonio	TX	78249
Syndee Howgate	showgate@learningrx.net	(281) 302-4088	13505 Southwest Freeway	Sugar Land	TX	77478
Regina Latimer	Regina.latimer@learningrx.ne	(903) 223-0111	5407 Plaza Drive	Texarkana	TX	75503
Lisa Branch	lbranch@learningrx.net	(832) 482-3082	8111 Ashlane Way – Suite 114	The Woodlands	TX	77382
Dargan Coggeshall	dargan@learningrx.net	(434) 220-7475	1441 Sachem Pl., # 3	Charlottesville	VA	22901
Don Hollenbeck	don.hollenbeck@learningrx.net	(703) 995-9945	10513 C-D Braddock Rd.	Fairfax	VA	22032
Don Hollenbeck	don.hollenbeck@learningrx.net	(571) 465-2277	305 Harrison SE	Leesburg	VA	20175
Maureen Loftus	mloftus@learningrx.net	(703) 689-0003	11107 Sunset Hills Road – Suite 110	Reston	VA	20190
Sandra Zamalis	s.zamalis@learningrx.net	(540) 569-3600	1600 N Coatler St, Suite 7	Staunton	VA	24401
Maureen Loftus	mloftus@learningrx.net	(703) 462-9570	8321 Old Courthouse Rd., Ste 130	Vienna	VA	22182
Jacci Knutsen	j.knutsen@learningrx.net	(920) 882-2006	3405 Commerce Court, Suite F	Appleton	WI	54911
Gloria Meyer	gloria.m@learningrx.net	(612) 867-7055	732 Exchange Drive, Suite 200	Hudson	WI	54016
Kevin Pasqua	k.pasqua@learningrx.net	(262) 395-2250	17100 W. Bluemound Rd., #200	Brookfield	WI	53005

*** Franchisor also has one location in Canada. This is the ownership information and contact information for that location: LearningRx Richmond Hill, 40 Vogell Road, Unit 12, Richmond Hill, ON L4B 3N6, (906) 237-8860, richmondhill.on@learningrx.net.

Satellite Locations

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Greg Huntington	greg.huntington@learningrx.net	(919) 232-0090	2000 Regency Parkway, Suite 280	Cary	NC	27518
Sandra Zamalis	s.zamalis@learningrx.net	(540) 569-3600	306 Neff Ave.	Harrisonburg	VA	22801

Company Owned Locations

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Dean Tenpas**	dean@learningrx.com	(719) 550-8263	7075 Campus Dr. Suite 202	Colorado Springs	CO	80920

Former Franchisees

Below is the list of franchisees who had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

FRANCHISEE	PHONE	ADDRESS	CITY	ST	ZIP
Renee Bautista	(559) 285-5099	171 E. Ryan Lane	Fresno	CA	93720
Kelli Fontaine	(904) 540-1850	1192 Stonehedge Trail Ln	Saint Augustine	FL	32092
* David O'Reilly	(614) 309-6291	5448 Stillwater Avenue	Westerville	OH	43082
*Adam Butler	(917) 972-2788	322 54th Ave North	Nashville	TN	37209
*Ben Ubamadu	(423) 413-0033	22 Mechanic Street – Apt. 408	Quincy	MA	02169

*Past franchisee of an existing center.

As of the date of this disclosure document, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

Confidentiality Agreements:

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Associations and/or Organizations:

The following independent franchisee organization has asked to be included in this disclosure document:

National Association of Cognitive Training
Attn: Lisa Branch
281 Wood Farm Rd
Huntsville, TX 77320
Telephone: 936-661-6506
Email: lisajobranch@gmail.com
Website: www.nact.us

ITEM 21
FINANCIAL STATEMENTS

Attached to the Disclosure Document as **Exhibit A** are the audited financial statements as of September 30, 2020, September 30, 2021 and September 30, 2022.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B Franchise Agreement:

Attachment I	Addendum
Attachment II	Satellite Location Addendum
Attachment III	Collateral Assignment of Telephone Numbers, Addresses, and Listings
Attachment IV	Statement of Ownership
Attachment V	Guaranty & Assumption of Franchisee's Obligations
Attachment VI	Addendum Consent to Transfer for SBA
Attachment VII	New Franchise Disclosure Questionnaire
Attachment VIII	Confidentiality & Covenant Not to Compete Agreement
Attachment IX	Lease Rider
Attachment X	SBA Addendum

Exhibit C Area Development Agreement:

Schedule A	Development Schedule and Territory
Schedule B	Guaranty

Exhibit G General Release

Exhibit H Franchisee Applicant Deposit Agreement

Our preferred method of executing documents is through electronic signature.

ITEM 23
RECEIPT

Included as the last page of this Disclosure Document is a detachable Receipt to be signed by you.

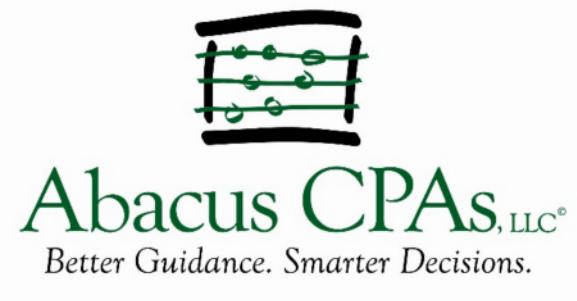
FINANCIAL STATEMENTS

EXHIBIT A

LearningRx Franchise Corporation

Colorado Springs, Colorado

Financial Statements
September 30, 2022 and 2021



LEARNINGRX FRANCHISE CORPORATION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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Abacus CPAs, LLC®
Better Guidance. Smarter Decisions.

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LearningRx Franchise Corporation
Colorado Springs, Colorado

We have audited the accompanying financial statements of **LearningRx Franchise Corporation** (a Colorado corporation), which comprise the balance sheet as of September 30, 2022, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **LearningRx Franchise Corporation** as of September 30, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **LearningRx Franchise Corporation** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of **LearningRx Franchise Corporation** as of September 30, 2021 were audited by other auditors whose report dated January 10, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LearningRx Franchise Corporation's

ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LearningRx Franchise Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LearningRx Franchise Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Abacus CPAs, LLC

Abacus CPAs, LLC
Fayetteville, AR
December 19, 2022

LEARNINGRX FRANCHISE CORPORATION
BALANCE SHEETS
AS OF SEPTEMBER 30, 2022 AND 2021

ASSETS

	2022	2021
Current Assets		
Cash and Cash Equivalents	$ 534,941	$ 374,772
Accounts Receivable, net of allowance of $46,075 in 2022 and $2,710 in 2021	246,972	312,372
Prepaid Expenses	1,635	1,635
Due from Related Parties	-	100,000
Deferred Income Tax Asset	24,158	45,306
Total Current Assets	807,706	834,085
Property and Equipment		
Equipment and Software, net	3,289	4,227
Net Property and Equipment	3,289	4,227
Other Noncurrent Assets		
Deferred Income Taxes	162,723	146,000
Net Other Noncurrent Assets	162,723	146,000
Total Assets	$ 973,718	$ 984,312

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts Payable	$ -	$ 22,734
Liability for Marketing and Development Funds	129,693	90,512
Deferred Franchise Fee Revenue	28,000	-
Total Current Liabilities	157,693	113,246
Total Liabilities	157,693	113,246
Stockholder's Equity		
Common Stock, no par value; 1,000 shares authorized, issued, and outstanding	50,000	50,000
Retained Earnings	766,025	821,066
Total Stockholders' Equity	816,025	871,066
Total Liabilities and Stockholders' Equity	$ 973,718	$ 984,312

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Income		
Royalty Fees	$ 1,245,419	$ 1,271,904
Initial Franchise Fees	2,089	3,355
Area Development Fees	5,400	8,150
Technology and Training Fees	87,000	109,750
Transfer Fees	36,500	9,000
Renewal Fees	14,000	23,000
Materials Fees	15,321	26,514
Marketing Fees	7,101	-
Interest and Other Income	296	49
Total Income	1,413,126	1,451,722
Expenses		
Bad Debt	143,366	935
Depreciation	898	744
Franchise System Expenses	440,590	401,777
Marketing and Development	10,068	59,004
Outside Consultants	120,080	102,966
Overhead	112,506	96,101
Professional Fees	60,712	52,054
Rent	85,000	84,000
Research and Development	74,000	97,000
Sales Expenses	224,894	194,347
Technology	191,628	186,302
Total Expenses	1,463,742	1,275,230
Net Income (Loss) Before Income Taxes	(50,616)	176,492
Income Tax Benefit (Expense)	(4,425)	5,562
Net Income (Loss)	$ (55,041)	$ 182,054

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Retained Earnings, Beginning of Year	$ 821,066	$ 639,012
Net Income (Loss)	(55,041)	182,054
Retained Earnings, End of Year	$ 766,025	$ 821,066

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Net Income (Loss)	$ (55,041)	$ 182,054
Depreciation	898	743
Changes in Assets and Liabilities:		
Accounts Receivable, net	65,400	8,446
Prepaid Expenses	-	363
Due from Related Parties	100,000	21,959
Deferred Income Tax Asset	4,465	(6,306)
Accounts Payable	(22,734)	10,268
Liability for Marketing and Development	39,181	(17,000)
Deferred Franchise Fee Revenue	28,000	-
Net Cash Provided by (Used in) Operating Activities	160,169	200,527
Cash Flows from Investing Activities		
Purchase of Property and Equipment	-	(4,489)
Net Cash Provided by (Used in) Investing Activities	-	(4,489)
Increase (Decrease) in Cash and Cash Equivalents	160,169	196,038
Cash and Cash Equivalents, Beginning of Year	374,772	178,734
Cash and Cash Equivalents, End of Year	$ 534,941	$ 374,772

SUPPLEMENTARY INFORMATION

Cash Paid for Interest	$ -	$ -
Cash Paid for Taxes	$ 744	$ -

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LearningRx Franchise Corporation (the "Corporation") was incorporated in Colorado in January 2003. It is a wholly owned subsidiary of LearningRx, Inc. (Parent). The Corporation was formed to market and sell LearningRx Training Centers.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Revenues

The Corporation's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

On January 1, 2020, the Corporation adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Corporation's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Corporation's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Corporation evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Corporation enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Corporation's performance obligations.

Upon evaluation of the five-step process, the Corporation has determined that this standard does not impact the recognition of royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Corporation has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee in the LearningRx processes and systems
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Corporation has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

Accounts Receivable

Accounts receivable for franchise fees, royalties and product sales are recorded at the amounts the Corporation expects to collect on balances earned and outstanding at the end of the year. Management closely monitors outstanding balances and provides for estimates of uncollectible balances in an allowance for doubtful accounts. The allowance for doubtful accounts at September 30, 2022 and 2021 was $46,075 and $2,710, respectively.

Property and Equipment

Additions of property and equipment are recorded at cost and depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets beginning when the asset is placed in service. Expenditures that materially extend the useful lives of property and equipment are capitalized. Routine repairs and maintenance are expensed as incurred. It is the Corporation's policy that property and equipment expenditures costing less than $5,000 are expensed. Total depreciation expense for the years ended September 30, 2022 and 2021 were $898 and $744, respectively.

Advertising

The Corporation expenses costs for advertising as the costs are incurred. Total advertising costs charged to expense for the years ended September 30, 2022 and 2021 were $10,068 and $59,004, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), with several subsequent amendments, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in U.S. GAAP.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes and deferred tax assets related primarily to differences between taxable income for tax purposes (cash basis) and book taxable income (accrual) plus any operating losses carried forward. Deferred taxes assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The Corporation adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. The Corporation has no unrecognized tax benefit which would require an adjustment to the October 1, 2021 beginning balance of net assets and had no unrecognized tax benefits at September 30, 2022. The Corporation files US Corporate Income Tax Return in the US federal jurisdiction. The Corporation is generally subject to income tax examinations by taxing authorities for three years beginning on the date of the filing of the tax return.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Certain minor reclassifications of prior year data have been made in order to enhance the comparability with the current year presentation.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Corporation had a License Agreement with The Ken Gibson Family Limited Partnership (the Partnership) that ended on March 31, 2020. The Partnership was the sole owner of the Corporation's parent company. As of September 30, 2021 the partnership owed the Corporation $100,000. During 2022, Management deemed the receivable to be uncollectible. Beginning April 1, 2020, Oikonomos Enterprises, LLC replaced the Partnership as sole owner of the Corporation's parent company.

NOTE 2 - RELATED PARTY TRANSACTIONS, (Continued)

The following is a schedule of the amounts paid to the Parent company during the years ended September 30, 2022 and 2021:

	2022	2021
Franchise System Expenses	$ 360,968	$ 347,000
Overhead	163,000	156,000
Research and development costs	60,000	60,000
Sales	96,000	96,000
Technology	178,000	180,000
Total	$ 857,968	$ 839,000

NOTE 3 - INCOME TAXES

Current taxes are computed using the cash basis of accounting. Current taxable net income (loss) was $25,496 and $178,794 for the years ended September 30, 2022 and 2021, respectively. As of September 30, 2022, the Corporation has federal net operating losses (NOL) to be carried to future years of approximately $1,158,000 and $1,180,000, for the years ended September 30, 2021 and 2020, respectively. Deferred income taxes represent the future tax benefit to be reported using the accrual basis of accounting and the difference in methods of depreciation, in addition to NOL carry forwards.

As of September 30, 2021, the federal NOL Carry forward balances include:

Year Incurred	NOL Carry Forward Amount	Expiration Period	Expiring September 30,
2015	$163,000	20 Years	2035
2016	$834,000	20 Years	2036
2017	$73,000	Indefinite	Indefinite
2018	$88,000	Indefinite	Indefinite

The provision for income taxes consists of the following components:

	2022	2021
Current income taxes		
Federal	$ 5,353	$ 36,097
State	(2,886)	10,064
Deferred taxes		
Federal	-	(40,397)
State	1,958	(11,326)
Total	$ 4,425	$ (5,562)

NOTE 4 - FINANCIAL INSTRUMENTS WITH RISK OF ACCOUNTING LOSS

The Corporation's cash and cash equivalents consist of deposits including both checking and money market accounts. Deposits are carried at cost. The carrying amount of deposits is displayed on the balance sheet as Cash and Cash Equivalents. The FDIC insurance covers the first $250,000 of deposits per financial institution.

NOTE 5 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Corporation's franchisees and their customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may permanently impact the Corporation's financial condition or results of operations is uncertain.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2022, the date on which the financial statements were available to be issued.

LearningRx Franchise Corporation
Colorado Springs, Colorado

Financial Statements
September 30, 2021 and 2020

LEARNINGRX FRANCHISE CORPORATION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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Porterfield & Company CPA, PLLC
accountants • auditors • advisors

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LearningRx Franchise Corporation
Colorado Springs, Colorado

We have audited the accompanying financial statements of LearningRx Franchise Corporation (a Colorado corporation), which comprise the balance sheet as of September 30, 2021, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LearningRx Franchise Corporation as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Porterfield & Company CPA, PLLC

Porterfield & Company CPA, PLLC

Fayetteville, Arkansas
January 10, 2022

LEARNINGRX FRANCHISE CORPORATION
BALANCE SHEETS
AS OF SEPTEMBER 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets		
Cash and Cash Equivalents	$ 374,772	$ 178,734
Accounts Receivable, net of allowance of $2,710 in 2021 and $1,775 in 2020	312,372	320,818
Prepaid Expenses	1,635	1,998
Due from Related Parties	100,000	121,959
Deferred Income Tax Asset	18,848	39,000
Total Current Assets	807,627	662,509
Property and Equipment		
Equipment and Software, net	4,227	481
Net Property and Equipment	4,227	481
Other Noncurrent Assets		
Deferred Income Taxes	172,458	146,000
Net Other Noncurrent Assets	172,458	146,000
Total Assets	$ 984,312	$ 808,990

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts Payable	$ 22,734	$ 12,466
Liability for Marketing and Development	90,512	107,512
Total Current Liabilities	113,246	119,978
Total Liabilities	113,246	119,978
Stockholder's Equity		
Common Stock, no par value; 1,000 shares authorized, issued, and outstanding	50,000	50,000
Retained Earnings	821,066	639,012
Total Stockholders' Equity	871,066	689,012
Total Liabilities and Stockholders' Equity	$ 984,312	$ 808,990

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Income		
Royalty Fees	$ 1,271,903	$ 1,181,579
Initial Franchise Fees	3,355	82,134
Area Development Fees	8,150	11,450
Technology and Training Fees	109,750	152,346
Transfer Fees	9,000	-
Renewal Fees	23,000	-
Materials Fees	26,514	35,560
Interest and Other Income	49	653
Total Income	1,451,721	1,463,722
Expenses		
Bad Debt	935	2,710
Depreciation	743	482
Franchise System Expenses	401,778	477,516
Licensing Fees	-	24,783
Marketing and Development	59,004	109,992
Outside Consultants	102,966	118,538
Overhead	96,101	124,108
Professional Fees	52,054	65,958
Rent	84,000	107,000
Research and Development	97,000	69,719
Sales Expenses	194,346	132,668
Technology	186,302	185,334
Total Expenses	1,275,229	1,418,808
Net Income (Loss) Before Income Taxes	176,492	44,914
Income Tax Benefit (Expense)	5,562	(34,067)
Net Income (Loss)	$ 182,054	$ 10,847

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Retained Earnings, Beginning of Year	$ 639,012	$ 628,165
Net Income (Loss)	182,054	10,847
Retained Earnings, End of Year	$ 821,066	$ 639,012

See notes to financial statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Net Income (Loss)	$ 182,054	$ 10,847
Depreciation	743	482
Changes in Assets and Liabilities:		
Accounts Receivable, net	8,446	(9,694)
Prepaid Expenses	363	(1,998)
Due from Related Parties	21,959	-
Deferred Income Tax Asset	(6,306)	33,000
Accounts Payable	10,268	1,182
Liability for Marketing and Development	(17,000)	(27,214)
Net Cash Provided by (Used in) Operating Activities	200,527	6,605
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(4,489)	-
Net Cash Provided by (Used in) Investing Activities	(4,489)	-
Increase (Decrease) in Cash and Cash Equivalents	196,038	6,605
Cash and Cash Equivalents, Beginning of Year	178,734	172,129
Cash and Cash Equivalents, End of Year	$ 374,772	$ 178,734
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	$ -	$ -

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LearningRx Franchise Corporation (the "Corporation") was incorporated in Colorado in January 2003. It is a wholly owned subsidiary of LearningRx, Inc. (Parent). The Corporation was formed to market and sell LearningRx Training Centers.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Revenues

The Corporation's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

On January 1, 2020, the Corporation adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Corporation's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Corporation's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Corporation evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Corporation enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Corporation's performance obligations.

Upon evaluation of the five-step process, the Corporation has determined that this standard does not impact the recognition of royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Corporation has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee in the LearningRx processes and systems
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Corporation has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

Accounts Receivable

Accounts receivable for franchise fees, royalties and product sales are recorded at the amounts the Corporation expects to collect on balances earned and outstanding at the end of the year. Management closely monitors outstanding balances and provides for estimates of uncollectible balances in an allowance for doubtful accounts. The allowance for doubtful accounts at September 30, 2021 and 2020 was $2,710 and $1,775, respectively.

Property and Equipment

Additions of property and equipment are recorded at cost and depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets beginning when the asset is placed in service. Expenditures that materially extend the useful lives of property and equipment are capitalized. Routine repairs and maintenance are expensed as incurred. It is the Corporation's policy that property and equipment expenditures costing less than $500 are expensed. Total depreciation expense for the years ended September 30, 2021 and 2020 were $743 and $482, respectively.

Advertising

The Corporation expenses costs for advertising as the costs are incurred. Total advertising costs charged to expense for the years ended September 30, 2021 and 2020 were $59,005 and $109,992, respectively.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), with several subsequent amendments, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in U.S. GAAP.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes and deferred tax assets related primarily to differences between taxable income for tax purposes (cash basis) and book taxable income (accrual) plus any operating losses carried forward. Deferred taxes assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The Corporation adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. The Corporation has no unrecognized tax benefit which would require an adjustment to the October 1, 2020 beginning balance of net assets and had no unrecognized tax benefits at September 30, 2021. The Corporation files US Corporate Income Tax Return in the US federal jurisdiction. The Corporation is generally subject to income tax examinations by taxing authorities for three years beginning on the date of the filing of the tax return.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Certain minor reclassifications of prior year data have been made in order to enhance the comparability with the current year presentation.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Corporation had a License Agreement with The Ken Gibson Family Limited Partnership (the Partnership) that ended on March 31, 2020. The Partnership was the sole owner of the Corporation's parent company. The agreement granted the Corporation a non-exclusive, non-revocable, right and license to produce, market and sublicense technology and materials related to LearningRx Training Centers. The Corporation paid the Partnership 7% of its monthly net sales until March 31, 2020. During the years ended September 30, 2021 and 2020, the Corporation reported $0 and $24,449, respectively, in licensing fees to the Partnership. As of September 30, 2021 and 2020, $100,000 and $100,000, respectively, was owed by the Partnership to the Corporation. Beginning April 1, 2020, Oikonomos Enterprises, LLC replaced the Partnership as sole owner of the Corporation's parent company.

The Corporation entered into a Consulting Agreement with Ken Gibson Consulting, L.C. (Consultant) to provide business management services. The Corporation paid the Consultant 7% of its monthly net sales from January 1, 2020 through September 30, 2020. The Corporation paid the Consultant 5% of its monthly net sales from October 1, 2018 through December 31, 2019. During the years ended September 30, 2021 and 2020, the Corporation reported $105,001 and $81,840, respectively, in consulting fees to the Consultant.

NOTE 2 - RELATED PARTY TRANSACTIONS, (Continued)

The following is a schedule of the amounts paid to the Parent company during the years ended September 30, 2021 and 2020:

	2021	2020
Labor reimbursements	$ 564,000	$ 654,950
Rent	84,000	107,000
Marketing and development costs	238,000	223,000
Tech services	60,000	56,000
Overhead	96,101	124,108
Materials income	-	(21,209)
Total	$ 1,042,101	$ 1,143,849

NOTE 3 - INCOME TAXES

Current taxes are computed using the cash basis of accounting. Current taxable net income (loss) was $178,794 and $9,209 for the years ended September 30, 2021 and 2020, respectively. As of September 30, 2021, the Corporation has federal net operating losses (NOL) to be carried to future years of approximately $1,180,000 and $1,360,000, for the years ended September 30, 2021 and 2020, respectively. Deferred income taxes represent the future tax benefit to be reported using the accrual basis of accounting and the difference in methods of depreciation, in addition to NOL carry forwards.

As of September 30, 2021, the federal NOL Carry forward balances include:

Year Incurred	NOL Carry Forward Amount	Expiration Period	Expiring September 30,
2015	$185,000	20 Years	2035
2016	$834,000	20 Years	2036
2017	$73,000	Indefinite	Indefinite
2018	$88,000	Indefinite	Indefinite

The provision for income taxes consists of the following components:

	2021	2020
Current income taxes		
Federal	$ 36,097	$ -
State	10,064	-
Deferred taxes		
Federal	(40,397)	33,000
State	(11,327)	-
Total	$ (5,563)	$ 33,000

NOTE 4 - FINANCIAL INSTRUMENTS WITH RISK OF ACCOUNTING LOSS

The Corporation's cash and cash equivalents consist of deposits including both checking and money market accounts. Deposits are carried at cost. The carrying amount of deposits is displayed on the balance sheet as Cash and Cash Equivalents. The FDIC insurance covers the first $250,000 of deposits per financial institution.

NOTE 5 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Corporation's franchisees and their customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may permanently impact the Corporation's financial condition or results of operations is uncertain.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2022, the date on which the financial statements were available to be issued.

FRANCHISE AGREEMENT

EXHIBIT B

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FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is entered into and effective _____ between LearningRx Franchise Corporation, a Colorado corporation, located at 5085 List Drive, Colorado Springs, CO 80919 ("**Franchisor**"), and _____ ("**Franchisee**"), residing at _____.

In consideration of the mutual promises in this Agreement, the parties agree as follows:

1. DEFINITIONS

1.1 "**Assets**" means the franchised Business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings and improvements, and other tangible items.

1.2 "**Business**" means the right which is granted to Franchisee to operate a Center as set forth in this Agreement.

1.3 "**Business Records**" means evidence of each business transaction, and all financial, marketing, and other operating aspects of the Business, and all evidence and records with respect to customers, employees, and other service professionals relating the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business.

1.4 "**Center**" means the LearningRx Training Center which Franchisee is granted the right to operate in conformity with the requirements of this Agreement.

1.5 "**Confidential Information**" means all methods for establishing, operating and promoting the Business pursuant to the Franchisor's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Franchisor and such other information as may be further developed periodically by the Franchisor.

1.6 "**Gross Revenue**" means the total of all receipts derived from services or products sold at the Center, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, bartering, or other means of exchange. "Gross Revenue" shall exclude only sales tax receipts that Franchisee must by law collect from customers and that Franchisee actually pays to the government, promotional or discount coupons, refunds and other courtesy discounts to the extent that Franchisee realizes no revenue, and employee receipt of services or products, if free, or any portion not paid for by an employee. Franchisee may not deduct any credit card or debit card processing fees from Gross Revenue. Cash income reports from the accounting software, without any deductions for any fees due to collection method, are used to calculate the royalty amounts due each month.

1.7 "**Operations Manual**" means Franchisor's Operations Manual and other written or digital materials, including information posted on Franchisor's Website and information sent to or accessed by Franchisee in print or electronic form, Operations Manuals, written procedures, memoranda and their supplements loaned to Franchisee by Franchisor.

1.8 "**Marketing Development & Research Fund**" means the separate bank account used by Franchisor for the purposes specified in this Franchise Agreement. The Marketing Development Fund is

not a trust or escrow account and is managed by Franchisor in its sole discretion for the benefit of the Franchisees.

1.9 "**Marks**" means Franchisor's 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 Franchisor, the System or the franchised Business, whether or not they are registered, including, but not limited to, "LearningRx," "ThinkRx," "ReadRx," "LiftOff," "MathRx," "ComprehendRx", "BrainSkills" and "LearningRx."

1.10 "**Multi-Area Marketing Programs**" means regional, national, or international programs designed to increase business, such as marketing to multi-area customers, Internet, shows, events, yellow pages, directories, affinity marketing, vendor programs, and co-branding programs. Such programs may require Franchisee's cooperation and participation, including refraining from certain channels of marketing and distribution, and payment of commissions or referral fees. Franchisee must also adhere to maximum retail pricing to the extent permitted by law. All such programs are proprietary trade secrets of Franchisor.

1.11 "**Premises**" means the one (1) location within the Territory and as described in Attachment I at which Franchisee may operate the franchised Business using the System.

1.12 "**Territory**" means the territory described in Attachment I to this Agreement, subject to any reservations or exceptions contained in this Agreement.

1.13 "**System**" means, collectively, Franchisor's valuable know how, information, trade secrets, methods, Operations Manuals, standards, designs, methods of trademark usage, copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the franchised Business, as modified by Franchisor at any time.

1.14 "**Trade Secret**" is the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, and improvements regarding the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor, but shall not include information that (i) is in the public domain at the time disclosed by Franchisor, (ii) subsequently is published or otherwise becomes part of the public domain through no fault of Franchisee, (iii) Franchisee can demonstrate was in its possession at the time of disclosure and was not acquired by it directly or indirectly from the Franchisor on a confidential basis, or (iv) becomes available to Franchisee on a non-confidential basis from a source that, to the best of its knowledge, is not under an obligation to Franchisor.

1.15 "**Transfer**" means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the franchised Business, substantial assets of the franchised Business, or of this Agreement.

2. GRANT OF FRANCHISE

2.1 Grant of License. Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license to operate a Center at the Premises, as designated in **Attachment I** to this Agreement and described in Section 4, using the System and the Marks for the term of this Agreement. Franchisee may use the Marks and System only in accordance with the terms and conditions of this Agreement.

2.2 Modification of System. Franchisor reserves the right to periodically change, improve, or further develop the System, or any part of the System. Franchisee must promptly accept and comply with any change to the System and make any reasonable expenditures as necessary to comply.

2.3 Ownership and Principal Contact of Franchisee. If Franchisee is an entity, Franchisee shall complete and update throughout the term of this Agreement, as necessary, the Statement of Ownership attached hereto as **Attachment V**. In addition, if Franchisee is an entity, all persons who own more than five percent (5%) of the beneficial ownership interests in the entity shall guaranty Franchisee's performance under this Agreement by signing the Guaranty and Assumption of Franchisee's Obligations attached hereto as **Attachment VI**. If Franchisee is a limited liability company, partnership, corporation or other entity, Franchisee shall provide to Franchisor a resolution signed by all members, directors or partners, as appropriate, designating the principal contact for the Business. This principal contact must be either a managing member, general partner or controlling shareholder. Such representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters relating to the Business. Further, if Franchisee is an entity, such entity shall engage in no business other than the operation of the Business governed by this Agreement.

3. TERM AND RENEWALS

3.1 Term of Agreement. This Agreement begins on the date executed by both parties and will continue for a period of ten (10) years, unless earlier terminated as provided under this Agreement.

3.2 Rights Upon Expiration. At the end of the term of this Agreement, Franchisee may request a renewal term ("**Renewal Term**") for one (1) successive period of ten (10) years, provided Franchisor does not exercise its rights of refusal as set forth in Section 3.3 below.

3.3 Right of Refusal to Grant Successor Term. Franchisor may refuse, in Franchisor's sole discretion, to grant Franchisee's request for a Renewal Term if Franchisee:

(a) fails to remedy, in the time frame set forth in this Agreement, any breach of this Agreement specified by Franchisor in a written notice;

(b) has committed two (2) or more material breaches of this Agreement in the preceding twelve (12) months prior to expiration;

(c) fails to give notice of Franchisee's intent to renew at least six (6) months, but no more than twelve (12) months, prior to the expiration of this Agreement. Failure to give timely notice will be considered an election not to renew this Agreement; or

(d) is not current in payment obligations to Franchisor or its subsidiaries and affiliates and to trade creditors, landlords, or mortgage holders at the time Franchisee delivers its notice of renewal or on the date this Agreement is scheduled to expire unless Franchisee has a legitimate basis to dispute the claims of such persons and has made adequate reserves therefore.

3.4 Renewal Franchise Agreement. Franchisee must execute Franchisor's then-current form of franchise agreement and ("**Renewal Franchise Agreement**") all other legal agreements for new franchisees. The Renewal Franchise Agreement may vary in material aspects from this Agreement, including, but not limited to, higher royalty and advertising fees. The Renewal Franchise Agreement shall contain a right to renew the Renewal Franchise Agreement for at least one (1) successive ten (10) year period. Franchisee must also make capital expenditures that are reasonably required for the renovation and modernization of the Center, signs, vehicles, or any other required equipment to reflect the then-current image of Franchisor.

3.5 Renewal Franchise Fee. Upon signing a Renewal Franchise Agreement, Franchisee will not be required to pay another Initial Franchise Fee but will be required to pay the then-current Renewal franchise fee.

3.6 Interim Period. If Franchisee does not sign a new Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one (1) party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period. In addition, Franchisee acknowledges that Franchisee is obligated to pay the Interim Period Fee (as defined below) for each month during any Interim Period. The Interim Period Fee will be in addition to all other fees and costs payable by Franchisee pursuant to this Agreement.

4. TERRITORY

4.1 Location. Franchisee may operate the franchised Business only at the Premises as designated in **Attachment I** to this Agreement. Franchisee may not relocate the Premises without Franchisor's prior written approval, which may be withheld for any reason. Franchisee must maintain a physical location for the Center at all times.

4.2 Territory. During the term of this Agreement and any extensions, neither Franchisor nor its affiliates will own, operate or franchise a fixed location for the operation of any other Center within your Territory as designated in **Attachment I** to this Agreement. Franchisee will also have the right to service any persons in the Territory, regardless of the method of sales, subject to Franchisor's express reservation of rights set forth in Section 4.5. Once established, the boundaries of Franchisee's Territory will not be adjusted by Franchisee without Franchisor's written consent regardless of whether the population of Franchisee's Territory increases or decreases over time. Notwithstanding the foregoing, Franchisee acknowledges that prior to the term of this Agreement, Franchisor or its affiliate may have licensed to a third party the right to use the System and/or Marks to operate a business that may be similar to the LearningRx Center operated by Franchisee under this Agreement pursuant to a PACE license or a Clinical license in a portion of Franchisee's Territory. The pre-existing PACE licensee and/or Clinical licensee has the right to continue to operate the business per the PACE license and/or Clinical license in the portion of Franchisee's Territory and such ongoing use will not constitute a breach of this Agreement, including this Section 4.02 or an Area Developer Agreement, if any.

4.3 Soliciting Outside the Territory. Subject to the requirements of Sections 9.1 and 9.2, Franchisee may not, without the express written permission of Franchisor, place advertising targeted primarily to another territory unless the advertising is done as part of a cooperative effort with the Franchisee in the targeted territory

4.4 Minimum Annual Revenue Quota. In order to maintain the Territory, Franchisee must maintain a Minimum Annual Revenue Quota (**"Minimum Annual Revenue Quota"**), starting six (6) months after opening in the amount of Fifty thousand and 00/100 Dollars ($50,000.00) for every one hundred, thousand (100,000) people (or pro-rated portion of one hundred, thousand (100,000)) in the Territory for the first twelve (12) months, Seventy-Five thousand and 00/100 Dollars ($75,000.00) for every one hundred, thousand (100,000) people (or pro-rated portion of one hundred, thousand (100,000)) in the Territory for the second (2nd) twelve (12) months and One hundred, thousand and 00/100 Dollars ($100,000.00) for every one hundred, thousand (100,000) people (or pro-rated portion of one hundred, thousand (100,000)) in the Territory for any twelve (12) month period thereafter in the Territory. Franchisee's failure to maintain the Minimum Annual Revenue Quota may result in loss of exclusivity for

the territory or the reduction or elimination of the Franchisee's Territory, or the termination of this Agreement, in Franchisor's sole discretion.

4.5 Reservation of Rights. Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to own, use, operate and to license and Franchise others to use, the Marks and System for the operation of LearningRx Centers at any location other than in the Territory, regardless of proximity to the Territory;

(b) to use and Franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, except for products provided "trainer to student," in association with operations that are similar to or different than the LearningRx Center;

(c) to offer the services or products, or grant others the right to offer the services or products, whether using the Marks or other trademarks or service marks, except products provided "trainer to student", through alternative channels of distribution, including without limitation, retail locations and other channels of distribution (other than LearningRx Centers) such as stores, shops, kiosks, malls, airports, and college campuses, at special events and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet, whether inside or outside the Territory;

(d) to any websites utilizing a domain name incorporating the word "LEARNING" or "RX" or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, social networking sites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, social networking site, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor's home page. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to approve any linking or other use of its website;

(e) to acquire businesses that are the same as or similar to the LearningRx Center and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third party which operates businesses that are the same as or similar to the LearningRx Center regardless of where such businesses are located, including inside the Territory;

(f) to implement multi-area marketing programs, including regional pricing and service programs which may allow Franchisor or others to solicit or sell clients or otherwise dictate service and pricing strategy, anywhere. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs, including the right to establish minimum or maximum pricing for such programs, as permitted by law; and

(g) to permit pre-existing PACE licensees and Clinical licensees to continue to operate per a PACE license and/or Clinical license anywhere, including inside the Territory, provided, however, Franchisor and Franchisee agree that Franchisor will not enter into any new PACE license for a location that is closer than fifteen (15) miles from the front door of Franchisee's Center and Franchisee acknowledges that Franchisor has the right to enter into Clinical licenses anywhere outside of Territory.

5. FEES AND ROYALTIES

5.1 Payment of Fees and Royalties. All payments required under this Section are imposed by and payable to Franchisor or its affiliates and are non-refundable except as expressly provided below. All payments must be made by any method Franchisor reasonably specifies, including check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or the Internet. Franchisor reserves the right to require Franchisee to submit any payments electronically. All payments to Franchisor and dollar amounts stated in this Agreement are in U.S. dollars unless otherwise expressed. Franchisor will not require Franchisee to deposit all Franchisee's revenue into an account that Franchisor controls, or from which withdrawals may be made only with Franchisor's consent, except to secure a loan or financing arrangement by Franchisor.

5.2 Initial Franchise Fee. Franchisee must pay an initial franchise fee ("**Initial Franchise Fee**") upon the signing of this Agreement as set forth in **Attachment I**. The Initial Franchise Fee is calculated based on the number of people residing in Franchisee's Territory. Franchisee must pay an Initial Franchise Fee of Thirty thousand and 00/100 Dollars ($30,000.00) for a Micro Franchise and Forty-five thousand and 00/100 Dollars ($45,000.00) for a Standard Franchise. The Initial Franchise Fee is fully earned upon signing this Agreement and is non-refundable under any circumstances.

5.3 Marketing Launch Fee. Franchisee must also pay a Marketing Launch Fee for an opening marketing opening campaign for media, print, public relations, marketing materials and products, and digital marketing services ("**Marketing Launch Fee**") of between Eighteen thousand and 00/100 Dollars ($18,000.00) and Twenty-Five thousand and 00/100 Dollars ($25,000.00) (depending on the size of the Territory) and as set forth in **Attachment I** upon the signing of this Agreement. Franchisee will have approval of the placement of advertising with the spending of the funds. This fee can be applied to the minimum advertising requirement of five percent (5%) of Gross Revenues or Two thousand and 00/100 Dollars ($2,000.00) for Micro Franchise and Three thousand and 00/100 Dollars ($3,000.00) for Standard Franchise per month, whichever is greater, for the first four (4) months that your Center is open and operating. The Marketing Launch Fee is fully earned upon signing this Agreement and is non-refundable under any circumstances.

5.4 Royalties. Franchisee must pay to Franchisor a monthly royalty in the amount of the greater of either (i) eight percent (8%) of Gross Revenues for the preceding calendar month, or (ii) the "Minimum Monthly Royalty" of Five hundred and 00/100 Dollars ($500.00) for Micro Franchises and Eight hundred and 00/100 Dollars ($800.00) for Standard Franchises. The royalty payment is due to Franchisor, without notice from Franchisor, on the tenth (10^{th}) day of each month. Royalties must be reported in a form specified by Franchisor.

5.5 Late Charges and Other Fees. Unless otherwise stated, Franchisee must pay interest at the rate of one percent (1%) per month or the maximum interest rate allowed by applicable law, whichever is less, for any late payments due under this Agreement or for any payments returned to Franchisee due to insufficient funds. Franchisee must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees Franchisor incurs in connection with Franchisee's failure to make any required payments or in connection with any payments returned to Franchisee due to insufficient funds, plus a fine in accordance with the relevant provisions of the Operations Manual.

5.6 Taxes and Debts. Franchisee will promptly pay when due all taxes, fees, debts, expenses, and assessments of the franchised Business, including payroll taxes. Franchisee will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of assets for or by creditors, or similar action to occur.

5.7 Initial Training and Materials Fee. Franchisee must pay an initial Training and Materials Fee ("**Initial Training and Materials Fee**") of Ten thousand and 00/100 Dollars ($10,000.00) upon the

signing of this Agreement as set forth in **Attachment I**. The Initial Training and Materials Fee is fully earned upon payment and is non-refundable under any circumstances.

5.8 Initial Inventory Fee. Franchisee must purchase an initial inventory of the student kits and/or workbooks. Each student will need one (1) or more kits and/or workbooks. Franchisee must also purchase trainer kits for each trainer in the Center ("**Products**" currently offered). These kits and/or workbooks must be purchased from Franchisor at an approximate cost of Three thousand and 00/100 Dollars ($3,000.00).

5.9 Technology Fee. Franchisee must pay Franchisor a Technology Fee ("**Technology Fee**") ranging from One thousand, eight hundred and 00/100 Dollars ($1,800.00) to Two thousand, four hundred and 00/100 Dollars ($2,400.00) per year (depending on the size of Franchisee's territory). A quarter of this fee is due on the first (1st) day of each quarter for the prior quarter of this agreement. Franchisor reserves the right to adjust this fee in Franchisor's sole discretion upon reasonable notice to Franchisee.

5.10 Interim Period Fee. Franchisee must pay Franchisor a fee of Two hundred fifty Dollars ($250.00) per month ("**Interim Period Fee**") during the Interim Period. The Interim Period Fee will be due to Franchisor on the tenth (10th) day of each month during the Interim Period.

6. MARKS

6.1 Marks. Franchisee must only use the Marks in the conduct of the Business as specified in this Agreement. Any unauthorized use of the Marks by Franchisee will constitute a breach of this Agreement and an infringement on Franchisor's rights in and to the Marks. As between Franchisor and Franchisee, Franchisor has a prior and superior claim to the Marks, and Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement.

6.2 Authorized Marks. Franchise shall use no trademarks other than "**LEARNINGRX**," "**LEARNINGRX CENTER**," "**MATHRX**", "**THINKRX**," "**READRX**," "**COMPREHENDRX**," "**LIFTOFF**," AND "**LEARNINGRX BRAIN TRAINING CENTER**" or any other Marks that Franchisor may specify for use in the identification, marketing, promotion, or operation of the Business. If Franchisee cannot lawfully use the Marks in the Territory, Franchisee must obtain Franchisor's written approval to use other marks. Franchisee must also follow the copyright guidelines as specified by Franchisor in the Operations Manual.

6.3 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time of receiving written notification of any change, Franchisee must comply with the change, at Franchisee's sole expense.

6.4 Limitations on Franchisee's Use of the Marks. Franchisee must use the Marks as the sole identification of the Business but must also identify itself as the independent owner of the Business in the manner prescribed by Franchisor. All Marks must be displayed in the manner prescribed by the Franchisor. Franchisee may not use the Marks, or any words or symbols similar to the Marks, alone or with any prefix, suffix, modifying words, terms, designs, or symbols:

(a) as part of any entity or business name;

(b) in conjunction with any documents, contracts, licenses, permits and other official documents. Any reference to the Marks in any document must state that Franchisee's use of the Marks is limited by this Agreement;

(c) in any form on the Internet, including, but not limited to, addresses, domain names, links, metatags, locators, and search techniques;

(d) in connection with the performance or sale of any unauthorized services or products; or

(e) in any other manner not expressly authorized by Franchisor.

6.5 Marks on the Internet. Franchisor retains the sole right to use the Marks and market on the Internet, including all use of Websites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify, and only with our prior written consent. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and Franchisee must sign the Internet and intranet usage agreements when developed by Franchisor. Franchisor retains the right to approve any linking to or other use of LearningRx's Website.

6.6 Marks in Advertising. Subject to Section 9.3, Franchisee must obtain Franchisor's 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 supplied by Franchisor. Franchisee must indicate that it is "independently owned and operated."

6.7 Goodwill. All usage of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through Franchisee's operation of the Business or other activities, will inure to the exclusive benefit of Franchisor.

6.8 Infringement. Franchisee must notify Franchisor in writing within three (3) days of obtaining knowledge of any possible infringement or illegal use by others of a trademark which is the same as or confusingly similar to the Marks. Franchisor may, in its sole discretion, commence or join any claim against the infringing party, and bear the reasonable costs associated with the action.

6.9 Signage and Décor. As specified by Franchisor, Franchisee must display signage and décor bearing the Marks and identifying the Premises as a Center, and signage indicating that the Business is independently owned and operated as a franchised Business. Franchisor has the right to approve all signage and décor at the Center. All signage and décor must remain current with the System's standards as Franchisor may modify periodically.

7. OPERATIONS MANUAL AND CONFIDENTIAL INFORMATION

7.1 Confidential Information. The System, the Operations Manual, and other Confidential Information are proprietary, involve trade secrets of Franchisor, and are disclosed to Franchisee solely on the express condition that Franchisee agrees, and Franchisee does hereby agree to:

(a) fully and strictly adhere to all security procedures prescribed by Franchisor, in its sole discretion, for maintaining the proprietary information as confidential;

(b) disclose such information to its employees only to the extent necessary to market products and services and for the operation of the Business in accordance with this Agreement;

(c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor; and

(d) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement, and follow

Franchisor's security procedures, which include the execution of approved nondisclosure agreements, and intranet, extranet and Internet usage agreements when developed by Franchisor, by Franchisee and any employee or agent who is allowed access.

7.2 Standards and Authorized Use. Franchisee must maintain strict compliance with the minimal standards set forth in the Operations Manual and as subsequently amended and revised in Franchisor's sole discretion, including completing a background check for each of its employees, as more fully set forth in the Operations Manual. Franchisee's failure to satisfy Franchisor's minimal standards at any time shall entitle Franchisor to require Franchisee and Franchisee's employees to attend and complete, at Franchisee's sole cost and expense, such additional training as Franchisor deems necessary, in Franchisor's sole discretion, in order to enable Franchisee to once again satisfy Franchisor's minimal standards. Franchisee's failure or refusal to attend and complete such additional training and/or required conferences shall be deemed a default of this Agreement and shall entitle Franchisor to exercise one or more of the remedies set forth in Section 13 of this Agreement, including imposing fines or other penalties as more fully set forth in the Operations Manual.

7.3 Unauthorized Use. Franchisee must not copy or otherwise reproduce any Confidential Information and must establish procedures to prevent unauthorized use by any other person. Unauthorized use of the Operations 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 report any unauthorized use of the Operations Manual or other Confidential Information.

7.4 Operations Manual. Franchisor will grant access to Franchisee during the term of the franchise the Franchisor's confidential Electronic Operating Operations Manual via an access code-protected company intranet or extranet, or through other media. Franchisor reserves the right to require Franchisee to use the Operations Manual in only an electronic format. The Operations Manual will at all times remain the property of Franchisor, and Franchisee's access will be immediately terminated upon expiration, termination, or Transfer of this Agreement. Franchisee may be required to pay any costs incurred the Franchisor in terminating Franchisee's access at that time. Franchisor may periodically update and revise the Operations Manual. Franchisee acknowledges that its entire knowledge of the operation of the Business (other than information which is not Confidential Information) is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of such information is proprietary, confidential and a Trade Secret of Franchisor. Franchisee shall maintain the absolute confidentiality of all such Trade Secrets during and after the term of this Agreement and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee is bound by the standards for maintaining the privacy of the Operations Manual in the same manner as all other Confidential Information set forth above.

7.5 Confidentiality and Covenant Not to Compete Agreements.

(a) If the Franchisee is an entity, then the following individuals must sign Franchisor's standard **Confidentiality & Covenant Not to Compete Agreement** (**Attachment IX**) before performing any work at the Business or otherwise having access to Franchisor's Confidential Information: each Member, shareholder, officer, director and partner of the entity, each spouse of such Member, shareholder, officer, director and partner, every manager of the Franchisee or Area Developer, each Guarantor of the Franchisee, the spouse of each Guarantor, and each employee having access to the Franchisor's confidential information.

(b) If the Franchisee is not an entity, then the following individuals must sign Franchisor's standard **Confidentiality & Covenant Not to Compete Agreement** (**Attachment IX**) before performing any work at the Business or otherwise having access to Franchisor's Confidential Information: the spouse of the Franchisee, every manager of the Franchisee, each Guarantor of the Franchisee, the spouse

of each Guarantor, and each employee having access to the Franchisor's confidential information. A copy of all such signed agreements shall be delivered to Franchisor within 1 week of their execution.

7.6 Ownership of Business Records. Franchisee acknowledges and agrees that the Franchisor owns all Business Records with respect to customers, employees, and other service professionals of, and related to, the franchised Center including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

7.7 Creative Ownership. Copyrightable works created by Franchisee or any of its owners, officers or employees in connection with the Business shall be the sole property of Franchisor. Franchisee assigns all proprietary rights, including copyrights, in these works to Franchisor without additional consideration. Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Business, during the term of this Agreement, as Franchisor may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to Franchisor all right, title, and interest in said property. Franchisee shall promptly disclose to Franchisor all inventions, discoveries, improvements, creations, patents, copyrights, trademarks and confidential information relating to the Center which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Business, shall be deemed to be a part of the Confidential Information and shall inure to the benefit of Franchisor.

8. FRANCHISOR'S DUTIES

8.1 Services Provided by Franchisor. Franchisor will provide initial and continuing services as it deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Provision of services by Franchisor, either initial or continuing, is independent from the payment the Initial Franchise Fee or the continuing royalty fees. Franchisor will provide the services listed below on a continuing basis

8.2 Site Selection. Franchisee is solely responsible for locating a site for the Business and negotiating a lease for the property. Upon request, Franchisor will provide limited advice and assistance to Franchisee in selecting a site and analyzing a location and in negotiating a lease. Franchisor will analyze a location by examining population density, traffic patterns, proximity of the proposed location to any other LearningRx Centers, or any other reasonable criteria, as set forth in Section 10.2. Franchisee agrees that the location of the Center is a factor in the potential for success of the Business and the location will be located close to the Center of the Territory. Franchisor may reject any location in its discretion, but consent will not be unreasonably withheld. If Franchisee and Franchisor cannot agree on the site selection, then Franchisee must select two (2) alternative sites. Franchisor shall provide Franchisee with an evaluation of each site as described above. Franchisor shall approve or disapprove Franchisee's proposed site within thirty (30) days of the date Franchisor receives written notice of the proposed site from Franchisee. Any site not approved in writing by Franchisor within the thirty (30) day time period shall be deemed disapproved. However, Franchisor's assistance in no way constitutes a representation or warranty with respect to the property or the lease.

8.3 Center Relocation. If Franchisee requests to relocate its Center, this will be subject to our approval, which we have the right to grant or deny for any reason or no reason. Any relocation will be subject to the site selection and lease provisions contained in the Franchise Agreement and Operations Manual. Franchisee will not be required to pay Franchisor a relocation fee ("**Relocation Fee**") for the first request to relocate its Center within the Initial Term of the Franchise Agreement or any Successor Term. Franchisee will be required to pay Franchisor a Relocation Fee of Two-hundred and fifty and 00/100 Dollars ($250.00) if Franchisee requests to relocate its Center a second time within the Initial Term of the Franchise Agreement or any Successor Term. Franchisee will be required to pay Franchisor a Relocation Fee of Five hundred and 00/100 Dollars ($500.00) if Franchisee requests to relocate its Center a third time within the Initial Term of the Franchise Agreement or any Successor Term. Any relocation of Franchisee's Center will be at Franchisee's sole expense. Franchisor's approval will, among other things, be based on the following factors: population density, income levels, general location guidelines, proximity of the proposed site to other LearningRx Centers, and the time it will take to relocate Franchisee's Center.

8.4 Equipment, Inventory, Advertising and Services. Franchisor will specify or approve certain equipment, inventory, and supplies used in the Business, as provided elsewhere in this Agreement. Franchisor may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so and may utilize such allowances or rebates in any manner in which Franchisor elects, in its sole discretion, provided, however, that the prices for such equipment, inventory, and supplies are offered at commercially reasonable prices to Franchisee.

8.5 Initial Training. Franchisor will provide initial and ongoing training and assistance, as Franchisor may reasonably determine to be appropriate, prior to the opening of the Center. Franchisor will provide the initial training program at its corporate headquarters, or at another location designated by Franchisor, to Franchisee, a designated Manager and up to two (2) additional employees. Notwithstanding the forgoing, Franchisor reserves the right to provide any portion of (or the entirety of) the initial training program virtually. Franchisee and a center director (if the franchisee is not in-center at least 75% time) must complete Franchisor's initial training program before a center opens. The training program lasts for approximately forty (40) hours over a period of approximately five (5) days and consists of a discussion of the System, techniques, procedures, and methods of operation, hiring employees, customer service, ordering, sales, procedures, accounting, support procedures and instructions on quality standards and practical experience in the operation of the Center. Initial training will also include two (2) to four (4) days of staff training and assistance at the Premises (varies based on the size of the franchise) following Franchisee's and a designated manager's completion of the classroom/virtual portion of the initial training program. Franchisee is responsible for personal travel, accommodation, and other costs of its employees while attending training.

8.6 Ongoing Training. Franchisee is required to have at least one (1) person per Center owned and operated by Franchisee attend annual conferences to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Franchisee will be required to pay a conference fee per person, and, in addition, Franchisee must pay all of the travel and living expenses for it and all of its employees attending the conference. Conferences will be held at Franchisor's corporate headquarters or at an alternate location chosen by Franchisor. Franchisee must meet the minimal performance standards, and obtain and maintain certain certifications, as more fully set forth in the Operations Manual. Franchisor, at its sole discretion, reserves the right to require Franchisee and its employees to attend additional training if Franchisee fails to maintain the minimal performance standards or obtain and maintain the certifications required in the Operations Manual. Specifically, Franchisor will require Franchisee to participate in sales training if Franchisee's assessment to student rates falls below forty percent (40%). The assessment to student rate is determine based on what percentage of potential students assessed at Franchisee's Center actually become students of that Center. If Franchisee is required to participate in sales training, it will be required to take

a minimum of four (4) ninety (90) minute session, over a minimum of three (3) months, until its assessment to student rate reaches at least forty percent (40%). Directors who are new due to the transfer of the Center, must participate in sales training for a minimum of four (4) ninety (90) minute sessions over a minimum of three (3) months, until its assessment to student rate reaches at least forty percent (40%). Franchisee will be required to pay Franchisor Seventy-five and 00/100 Dollars ($75.00) for each sixty (60) minute session of sales training.

8.7 Opening and Continuing Assistance. Franchisor will provide on-site assistance in connection with initial training during the opening of the Center following Franchisee's and a designated manager's completion of the classroom/virtual portion of the initial training program. Franchisor will also provide reasonable ongoing assistance by telephone, email, or other form of communication to Franchisee during normal business hours. If Franchisee requires additional on-site assistance, Franchisee will be charged Franchisor's then-current additional assistance fee per day, plus travel and living expenses for Franchisor's representative.

8.8 Advertising and Promotional Programs. Franchisor will provide advertising and promotional programs as set forth in Section 9.

8.9 Development of Programs. Franchisor may develop new products and service methods, as Franchisor deems beneficial to the System. Franchisor will offer such new products and service methods to Franchisee on terms reasonably determined by Franchisor.

8.10 Modification of System. Franchisor will periodically continue to improve, modify, and revise the Operations Manual and the specifications, standards, and operating procedures and rules of the System, as set forth in Sections 2.02 and 7.04.

8.11 Central Purchasing. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such purchases by Franchisees, provided, however, that the prices for such products, equipment, services, supplies, and materials required for the operation of the Business are offered at commercially reasonable prices to Franchisee. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

8.12 Website. Franchisor will provide information regarding Franchisee's Business on its Website, as set forth in Section 9.02.

9. SOLICITATION AND ADVERTISING

9.1 Solicitation. Except as stated in this paragraph, Franchisee may not directly market to or solicit customers who reside outside the Territory. However, Franchisee will have the exclusive right to service customers within the Territory generated by Multi-Area Marketing Programs except through the Internet.

9.2 Marketing Development Fund. Franchisee must pay a fee into the Marketing Development Fund to develop marketing for the System. Franchisee will pay a Marketing Development Fund contribution equal to the greater of either (i) three percent (3%) per month of Franchisee's Gross Revenue, or, the "**Minimum MDF Payment**" of Two hundred and 00/100 Dollars ($200.00) for Micro Franchises and Three hundred and 00/100 Dollars ($300.00) for Standard Franchises, up to a maximum of Fifteen thousand and 00/100 Dollars ($15,000.00) per calendar year per Center, at the same time and in the same manner as the Royalty Fee. Company and Affiliate owned Centers will contribute to the Fund on the same basis as Franchisees. Franchisor will hold the Marketing Development Fund contributions in a separate bank account. Franchisor will use the Marketing Development Fund We will use the Marketing

Development Fund for development expenses such as the creation of marketing and sales tools for centers, development and maintenance of websites and Internet marketing, creating Pay-Per-Click campaigns, various digital marketing campaigns, other campaigns Centers can opt into, social media campaigns, media production, public relations, efforts to publish research studies, agency costs and other costs for resources or tools for developing marketing for use by Centers. This may include our attendance at trade shows, and we may also reimburse our administrative expenses incurred in administering the Marketing Development Fund. Franchisee acknowledges and agrees that expenditures from the Marketing Development Fund may or may not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Development Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Marketing Development Fund. Franchisor agrees to operate the Marketing Development Fund for the benefit of the franchisees. Franchisor may accumulate these funds, and the balance may be carried over to subsequent years and used for the purposes stated in this Agreement. If the Marketing Development Fund operates at a deficit or requires additional funds at any time, Franchisor reserves the right to loan such funds to the Marketing Development Fund on such terms as determined by Franchisor, in Franchisor's sole discretion. Franchisor may also utilize the Marketing Development Fund to reimburse itself for administrative expenses incurred in administering the Marketing Development Fund. An unaudited annual financial statement of the Marketing Development Fund will be prepared within one hundred twenty (120) days of the close of Franchisor's fiscal year and will be available to Franchisee upon reasonable request.

Franchisee must also participate, at Franchisee's expense, in any Multi-Area Marketing Programs as determined by Franchisor. All expenditures will be reported to Franchisor at such times and in such manner as Franchisor specifies, including by electronic means. Franchisee may not advertise in any media with a primary circulation outside Franchisee's Territory, except with Franchisor's written consent and with the consent of any franchisee whose territory is reached by the media. However, Franchisee may advertise in media whose circulation is primarily inside Franchisee's Territory, even if it also reaches outside Franchisee's Territory. Internet marketing is a part of the Marketing Development Fund and must be coordinated through and approved by Franchisor. Franchisee may not market independently on the Internet or acquire an independent Internet domain name or Website, but Franchisor will include Franchisee's Center on its Website.

9.3 Initial Marketing Launch Fee. Franchisee is required to pay Franchisor a Marketing Launch Fee of between Eighteen thousand and 00/100 Dollars ($18,000.00) and Twenty-Five thousand and 00/100 Dollars ($25,000.00), depending on the size of the Territory and as indicated in **Attachment I** for an initial sales and marketing opening campaign with Franchisors approved marketing consultant for media, print, and marketing materials and products, and brand management. Franchisee will have approval of the spending placement of advertising with the funds.

9.4 Local Advertising. Franchisee is required to promote the franchise and advertise on a local basis. Franchisee will be required to spend the greater of Two thousand Dollars ($2,000.00) for a Micro Franchise and Three thousand and 00/100 Dollars ($3,000.00) for a Standard Franchise or five percent (5%) of Gross Revenues per month on local advertising and promotion. Franchisee's entire Local Advertising minimum required amount must be paid to independent third parties. Franchisee's failure to spend the Local Advertising amount required may result in the reduction or elimination of the Franchisee's Territory or the termination of this Agreement, in Franchisor's sole discretion.

9.5 Boost Marketing Program. Franchisee must spend up to Three thousand and 00/100 Dollars ($3,000.00) per year after the first (1st) full year of operation for Boost marketing activities such as web directories, reputation management and other Boost marketing activities, initiated by and paid to Franchisor. This amount is in addition to any other advertising requirement. Any amount that Franchisee spends on the Boost Marketing Program will count towards Franchisee's local advertising requirements.

9.6 Center Marketing Program. During the first six (6) months of operation of the Center, Franchisee may be required to spend up to Two thousand and 00/100 Dollars ($2,000.00) per month on the Center Marketing Program ("**Center Marking Program**"), which, during that time, will be part of the Marketing Launch Fee. After the first year, the Center Marketing Program will be required of a Center that generates less than Three hundred thousand and 00/100 Dollars ($300,000.00) gross revenue for a standard franchise or One hundred, fifty thousand and 00/100 Dollars ($150,000,00) for a micro franchise for the previous twelve (12) month period and the franchisee fails to meet its minimum marketing requirements for the past twelve (12) months. Any amount that Franchisee spends on the Center Marketing Program will count towards Franchisee's local advertising requirements.

9.7 Advertising Cooperatives. Franchisee may, but is not obligated to, join with one or more other Franchisees or company-owned Centers in the market area (defined as the immediate metropolitan area within a radius of twenty-five (25) miles) to form a local cooperative which shall be established and administered by a majority vote of the franchisees in the region in which Franchisee operates its Center. Franchisor reserves the right to require Franchisee to join any advertising cooperative formed. The cooperative will not be required to operate from written governing documents. The local advertising cooperative, when formed, will also assume responsibility for Yellow Pages advertising in the metropolitan area in which the cooperative operates. In your first six (6) months of operation you may be required to spend the greater of three percent (3%) of Gross Revenues or two-thirds (2/3) of the lowest amount paid by another Center in the cooperative, but not more than Two thousand and 00/100 Dollars ($2,000.00) for Micro Franchise and Three thousand and 00/100 Dollars ($3,000.00) for Standard Franchise per month, toward the cooperative advertising. Beginning the seventh (7^{th}) month of operations, you may be required to spend up to three percent (3%) of your Gross Revenues toward the cooperative advertising, but not more than Two thousand and 00/100 Dollars ($2,000.00) for Micro Franchise and Three thousand and 00/100 Dollars ($3,000.00) for Standard Franchise per month, toward the cooperative advertising. The cooperative may impose this requirement on you even if you are not otherwise required to spend money on local advertising. All franchises, company and affiliate owned Center's in the cooperative will contribute to the fund at the same rates. We may accumulate contributions to the Advertising Cooperative, and the balance may be carried over to subsequent years. We may also loan funds to the cooperative Fund at such times and on such terms as we determine, in our discretion. No cooperative funds will be used to sell franchises. The advertising cooperative must prepare annual financial statements, which must be delivered to us and other Franchisees in the cooperative within one hundred and twenty (120) days after our fiscal year end. Any amount that Franchisee spends on the local advertising cooperative will count towards Franchisee's local advertising requirements.

9.8 Advertising and Marketing Materials. Franchisor will provide Franchisee with reasonable amounts of advertising and marketing materials that may include, but are not limited to, video and audiotapes, multimedia, print-ready advertising materials, posters, banners, and other items. Franchisee must purchase any additional copies of advertising and marketing materials. Franchisee may develop and produce additional advertising and marketing materials, at Franchisee's own expense, but any advertising and marketing materials must be approved in writing by Franchisor in advance of Franchisee's use of such materials. Franchisor will approve or disapprove of materials submitted by Franchisee within fifteen (15) days of receipt. If Franchisee receives no response within fifteen (15) days, the materials are deemed disapproved. Franchisor also reserves the option of utilizing the advertising, without cost, developed by Franchisee and providing the advertising to other franchisees.

10. CONSTRUCTION AND MAINTENANCE OF CENTER

10.1 Center Construction. Franchisee must construct or convert a building and equip the Center, at Franchisee's expense, in a good and workmanlike manner as reasonably specified by Franchisor. All construction or conversion work must be completed in accordance with the standards and specifications of

Franchisor and must conform with all applicable zoning and other requirements of local authorities. Construction or conversion must begin by the earlier of one (1) month from the date of execution of the Center's lease, or six (6) months from the date of this Agreement. Franchisor will approve or disapprove the plans within thirty (30) days of submission.

10.2 Property. Franchisee may purchase or lease the required real property and improvements from any source upon terms approved by Franchisor in writing. Proposals for location of the Center must be submitted to Franchisor within six (6) months of the execution of this Agreement, or this Agreement will automatically terminate. Franchisee must deliver to Franchisor any traffic, competition, and demographic and similar location information relating to any proposed site, that Franchisor reasonably requests, for review at least twenty (20) days before any proposed lease signing date. Franchisee must deliver to Franchisor a copy of the proposed lease and an option to assume the lease upon termination of this Agreement signed by the lessor in favor of Franchisor in a form acceptable to Franchisor. If Franchisor assists Franchisee in negotiating the lease or negotiating Franchisor's required option to assume the lease, Franchisor may charge Franchisee a lease negotiation fee. Franchisor will provide Franchisee with standard sample floor layouts and architectural plans, but all final plans must be approved by Franchisor.

10.3 Lease Riders. If Franchisee leases the Premises, the lease must contain substantially the following provisions:

(a) on termination of this Agreement for any reason, Franchisor or its designee will have the option for thirty (30) days to assume Franchisee's remaining lease obligations without accruing any liability regarding the lease prior to the effective date of any assignment; or Franchisor will have the right to execute a new lease for the remaining term on the same terms and conditions;

(b) all notices of default to Franchisee under the lease must be sent contemporaneously to Franchisor;

(c) in the event Franchisee defaults under the lease, Franchisor or its designee will have an opportunity, but not the obligation, to cure such default and to assume Franchisee's remaining obligations under the lease, but will not have any obligation to do so; and

(d) a provision reserving to Franchisor the right, at Franchisor's sole and absolute election, to receive an assignment of the leasehold interest from Franchisee upon termination or expiration of the initial term or any renewal term, or any termination of Franchisee, and the right to reassign the lease without becoming liable on the lease and without further approval from the landlord or additional charge.

10.4 Maintenance and Upgrades. Subject to the terms of this Section, Franchisee must at all times comply with Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Center's physical facilities, including the layout of furnishings and fixtures. Franchisee must maintain the Center and any parking areas in good and safe condition, as specified in the Operations Manual. Franchisee must remodel or upgrade the Center at its own cost in accordance with Franchisor's reasonable standards and requests.

11. RECORDS AND REPORTS

11.1 Records. Franchisee must keep and transmit complete and accurate Business Records on a current basis relating to the Business in the form, time, and manner that Franchisor prescribes. Franchisee must provide Franchisor with all hard copies, and access to electronic reports, as reasonably prescribed. Franchisee must maintain an accounting system, which accurately reflects all operational aspects of the Center including uniform reports as may be required by Franchisor. Franchisee must submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile

research data on any operational aspect of the Center. Franchisor reserves the right to require that Franchisee make available its sales records and files by way of an Internet connection. Business Records will specifically also include:

(a) tax returns;

(b) daily reports;

(c) Your Tuition Solution weekly and monthly reports summarizing loans provided to your Center's clients;

(d) statements of Gross Revenues and expenses, to be prepared each month for the preceding month;

(e) profit and loss statements, to be prepared at least quarterly and by an independent Certified Public Accountant annually; and

(f) balance sheets, to be prepared at least annually by an independent Certified Public Accountant.

Franchisee must keep accurate records relating to the franchised Business for a period of six (6) years after the termination or expiration of this Agreement.

11.2 Records Standards. Franchisee must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, in a form approved by Franchisor. Franchisee must periodically deliver to Franchisor copies of accounting, tax and other documents and information, within ten (10) business days of Franchisor's requests. Franchisee must provide Franchisor with a copy of its annual financial statements including a profit and loss statement and a balance sheet containing complete notes and disclosures. Such statements must be compiled by an independent Certified Public Accountant and be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end.

11.3 Audits. Franchisee must provide Franchisor or its agents access to Franchisee's Business and computer systems to examine or audit Franchisee's Business, at any reasonable time without notice. Franchisor will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit cost plus interest on understated costs of one percent (1%) per month. Franchisee must immediately pay to Franchisor all sums owed in addition to any other remedies provided in this Agreement or by law.

12. FRANCHISEE'S DUTIES

12.1 Compliance with Applicable Laws. Franchisee agrees to (i) comply with all applicable laws, ordinances and regulations or rulings, or licensing requirements, of every nature whatsoever which in any way regulate or affect the operation of its Business and to the care and safety of children, (ii) comply with all applicable educational and professional licensing requirements, (promptly all taxes and business expenses, unless Franchisee is legitimately disputing such matters and has adequately reserved therefor, and (iv) comply with all laws covering occupational hazards, accommodations for the disabled, including without limitation, the Americans with Disabilities Act, if applicable, health, workers' compensation insurance and unemployment insurance. If Franchisee does not obtain all required permits and licenses and other certifications necessary to operate the business and have all required professional and licensed personnel required by law or the Operations Manual to operate the Business, within six (6) months after Franchisee's execution of this Agreement, Franchisor may terminate this Agreement without providing the Franchisee notice or the opportunity to cure the default. Franchisee agrees, at its expense, to modify its

Center, if necessary, to comply with any such applicable laws or regulations. Franchisee shall not engage in any activity or practice that results, or may reasonably be anticipated to result, in any public criticism of the System or any part thereof. At the end of each year of the term of this Agreement, Franchisee must submit to Franchisor a certified statement listing and describing all performance-based lawsuits or potential claims threatened or actually filed against Franchisee, its owners, managers, employees or agents in connection with the operation of the Business, or if no such lawsuits or claims are threatened or filed during that year, a certified statement to that effect.

12.2 System Compliance. Franchisee must comply with the System, the Operations Manual, systems, procedures and forms, as in effect from time to time. All mandatory, specifications, standards, and operating procedures prescribed by Franchisor in the Operations Manual, or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. Accordingly, all references in this Agreement to Franchisee's obligations under this Agreement, including to the Center, equipment, procedures, products and materials, shall include such mandatory specifications, standards, and operating procedures. Franchisor reserves the right to require Franchisee to add additional products or concepts to the Business in the future, at Franchisee's expense.

12.3 Privacy Laws. In the operation of the LearningRx Franchised Business, Franchisee will receive "Customer Data." "Customer Data" is information, records, lists or data that contains "Personal Information." "Personal Information" includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the LearningRx Franchised Business, including through the use of a point of sale system.

(a) Franchisee agrees, at its sole cost and expense, to at all times:

(b) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;

(c) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, "**Privacy Laws**");

(d) assist and otherwise cooperate with Franchisor to ensure Franchisor's and Franchisee's compliance with applicable Privacy Laws;

(e) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee's noncompliance with applicable Privacy Laws, this Agreement or the Operations Manual. For purposes of this Section 12.03, "**Security Incident**" means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual.

(f) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee's possession or control;

(g) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a "consumer" as defined by applicable Privacy Laws;

(h) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request;

(i) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual; and

(j) maintain Customer Data in confidence in accordance with Section 7 of this Franchise Agreement.

12.4 Uniformity and Image. In order to maintain uniform standards of quality, appearance, and marketing, it is essential that Franchisee conform to Franchisor's standards and specifications. While Franchisee will manage its own operations and employees, Franchisee must agree and conform with all the requirements of this Section.

12.5 Operations. Franchisee must operate the Business in accordance with the System and Operations Manual, as amended by us at our discretion. Franchisee or a fully trained and qualified manager ("**Manager**") approved by Franchisor must participate personally and full-time in the Business. Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service, and meet such minimum standards as Franchisor may establish from time to time in the Operations Manual or otherwise in writing. Franchisee shall conduct background checks on all employees at least once every three years or as required by the terms of the Operations Manual.

12.6 Right of Entry and Inspection. Franchisee must permit Franchisor or its authorized agent or representative to enter the Premises during normal business hours (at a minimum 9:00 AM to 5:00 PM local time) and to reasonably inspect the operations of the franchised Business. Without any liability to Franchisee, Franchisor may confiscate any materials or equipment which Franchisor, in its reasonable judgment, determines to be either illegal or in violation of this Agreement. Franchisor shall have the right to observe Franchisee and its employees rendering services, to confer with Franchisee's employees and customers and to generally review the Business operations for compliance with the standards and procedures set forth in the Operations Manual.

12.7 Restrictions on Services and Products. Franchisee is prohibited from offering or selling any services or products not authorized by Franchisor as being a part of the System. Except for clerical supplies, Franchisee shall purchase all products, equipment, services, supplies and materials required for the operation of the Business from suppliers designated or approved by Franchisor, provided, however, that the prices for such products, equipment, services, supplies and materials required for the operation of the Business are offered at commercially reasonable prices to Franchisee; provided, however, Franchisee acknowledges and agrees that the term "commercially reasonable" means that such products, equipment, services, supplies and materials must first comply with system standards before any party can evaluate or judge the commercial reasonability of the pricing for such items. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with or sale through the Business which are not previously approved by Franchisor as meeting its specifications, Franchisee shall first request approval in writing from Franchisor. Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, Franchisor reserves the right to require submission of specifications, information or samples

of such products, services, materials, forms, items or supplies. Franchisor shall not charge Franchisee for Franchisor's evaluation services. Franchisor will advise Franchisee within thirty (30) days from the date of Franchisor's receipt of Franchisee's written request whether such products, services, materials, forms, items or supplies meet its specifications. If Franchisor does not approve Franchisee's request within such thirty (30) day period, the request will be deemed denied. Approved product descriptions and supplier contact information are prescribed in the Operations Manual. If there is no designated or approved supplier for particular items, Franchisee may purchase from suppliers who meet all of Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business, as determined by Franchisor in Franchisor's discretion.

12.8 Limitations on Supply Obligations. Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of a particular product, nor shall any provision herein imply or establish an obligation on the part of Franchisor and its affiliates to sell products to Franchisee if Franchisee is in arrears on any payment to Franchisor or its affiliates or otherwise in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of products purchased, Franchisor or its affiliates shall not be obligated to sell products to Franchisee. In addition, Franchisor may impose interest on any late payments on the terms described in Section 5.04.

12.9 Insurance. Franchisee must keep in force insurance policies as prescribed by Franchisor in the Operations Manual by an insurance company acceptable to Franchisor at all times during the term of this Agreement and any renewals. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, products liability 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 Operations Manual and adjusted by Franchisor from time to time. Insurance policies must insure both Franchisee and Franchisor, its officers and directors, as additional named insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the Business. The policies must also stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor shall be furnished to Franchisor together with proof of payment within thirty (30) days of issuance thereof. In the event Franchisee fails to obtain the required insurance and keep the same in full force and effect, Franchisee shall pay Franchisor upon demand the premium cost thereof, which Franchisor shall then forward to the insurance carrier. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to the provisions of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

12.10 Appearance and Customer Service. Franchisee and its employees shall (i) maintain a clean and attractive appearance, (ii) give prompt, courteous and efficient service to the public, and (iii) otherwise operate the Business in strict compliance with the policies, practices and procedures contained in the Operations Manual so as to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, including the Center or products, in any way without the prior written consent and approval of Franchisor.

12.11 Signs. All signs to be used on or in connection with the Business must be approved in writing by Franchisor prior to their use by Franchisee. Franchisee is required to provide counter space for the display of brochures provided by Franchisor promoting the LearningRx franchising opportunity.

12.12 Training. Franchisee and a center director (if the franchisee is not in-center at least 75% time) complete Franchisor's initial training program described in Section 8.5 above. Franchisee shall train its employees according to standards and procedures established by Franchisor.

12.13 Correction of Defects. Should Franchisor notify Franchisee at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of the Business, Franchisee shall correct immediately any such items. Franchisee shall establish and maintain an image and reputation for the Business consistent with the standards set forth in this Agreement, the Operations Manual, or as otherwise specified by Franchisor. Franchisee shall keep its Center clean and in good order and repair at all times.

12.14 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its parent corporation, its subsidiaries and affiliates, Oikonomos Enterprises, LLC, and their respective shareholders, directors, officers, employees, agents, successors and assignees against all claims and liabilities directly or indirectly arising out of the operation of the Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement or Franchisee's violation of any federal, state, or local law, statute, rule or regulation, including but not limited to, violation of Privacy Laws provided, however, that the foregoing indemnity will not apply to claims to the extent they result from the willful misconduct or gross negligence of any indemnified person. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12.15 Computer Systems. Franchisee must acquire, maintain, and upgrade computer, information processing and communication systems, including all applicable hardware, software, and high-speed Internet and other network access providers, and Website vendors, as prescribed in the Operations Manual. Franchisee shall use such online contact management and accounting software, and pay such Technology Fees, as required by Franchisor in the Operations Manual. Franchisee must comply with any separate software or other license agreement that Franchisor or its designee uses in connection with providing these services. Franchisor reserves the right to change the required technology, computer information processing and communication systems you are required to use and may increase, reduce, or otherwise adjust such Technology Fees in Franchisor's sole discretion upon reasonable notice to Franchisee.

12.16 Computer Problems, Viruses, and Attacks. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps so that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

12.17 Hazardous Materials. Franchisee must not cause or permit any toxic or hazardous waste, substances, or materials, as defined under applicable government laws and regulations to be used,

generated, stored or disposed of near, on, under, about or transported to or from the Premises or any of Franchisee's vehicles except as necessary for Franchisee's operation of the franchised Business and in accordance with the Operations Manual. Franchisee shall conduct such permissible hazardous materials activities in strict compliance, and at Franchisee's expense, with all applicable federal, state, and local laws, rules and regulations now or hereafter in effect and using all necessary and appropriate precautions. Franchisor will not be liable for any of these activities. Franchisee must provide Franchisor with a copy of all hazardous materials inventory statements and updates filed by any governmental agency or regulation and must immediately notify Franchisor both by telephone and in writing of any spill or unauthorized discharge of hazardous materials or of any conditions constituting an imminent hazard.

13. DEFAULT AND TERMINATION

13.1 Termination by Franchisor. Subject to applicable law to the contrary, Franchisor may, at its option, terminate this Agreement before its expiration as set forth below:

(a) With Notice of Thirty (30) Days. This Agreement will terminate thirty (30) days after Franchisor gives written notice to Franchisee and Franchisee fails to cure the defect within the thirty (30) day period, in the event that:

(i) Franchisee fails or refuses to maintain and operate the Business in compliance with this Agreement, the System, or the Operations Manual;

(ii) Franchisee fails to pay Franchisor or its affiliates or suppliers for obligations under this Agreement;

(iii) Franchisee fails to comply with any material federal, state, or local law or regulation applicable to the operation of the Business; or

(iv) Franchisee is in breach of any other term, condition, or provision of this Agreement.

(b) Without Notice. This Agreement and license will immediately terminate without notice in the event that:

(v) Franchisee misrepresented or omitted material facts which induced Franchisor to enter into this Agreement;

(vi) Franchisee fails to complete the required initial training or has failed to designate an acceptable site pursuant to Section 10;

(vii) Franchisee fails to obtain all required licenses, permits or certifications, or to hire the required licensed professionals to operate the Business within six months of signing this Agreement. A permanent or temporary receiver or trustee for the Center or all or substantially all of Franchisee's property is appointed by any court, or any such appointment is consented to or not opposed through legal action by Franchisee, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made on the license, or an attachment or lien remains on the Center for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee and Franchisor is advised in writing;

(viii) Franchisee loses possession or the right of possession of all or a significant part of the Center through condemnation, casualty, lease termination or mortgage foreclosure and the Center is not relocated or reopened as provided in Section 16;

(ix) Franchisee contests the validity of, or Franchisor's ownership of, any of the Marks in any court or proceeding;

(x) Franchisee makes an unauthorized Transfer;

(xi) Franchisee is a business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate the entity without Franchisor's prior written consent which consent shall not be unreasonably withheld.

(xii) Franchisee voluntarily abandons or ceases operation of the Business for more than five (5) consecutive business days; or

(xiii) The Franchisee, any owner of the Franchisee entity, Manager, or employee is convicted of a felony, a crime involving moral turpitude, any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the LearningRx System, Marks, goodwill or reputation, or charged or convicted of any crime or misdemeanor involving children.

(c) Franchisee or Franchisee's owner or any guarantor of this Agreement starts, acquires or operates a competing business or diverts or attempts to divert current or prospective customers to a competing business in violation of the terms of the Confidentiality and Covenant Not To Compete Agreement attached to this Agreement as Attachment IX, and incorporated herein by reference.

13.2 Effect of Termination. Franchisee or Franchisee's owner or any guarantor of this Agreement starts, acquires or operates a competing business or diverts or attempts to divert current or prospective customers to a competing business in violation of the terms of the **Confidentiality and Covenant Not To Compete Agreement** attached to this Agreement as **Attachment IX**, and incorporated herein by reference. Upon any termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

(a) promptly pay all amounts owed to Franchisor based on the operation of the Center through the effective date of termination;

(b) return, at Franchisee's sole cost and expense, including but not limited to shipping costs, to Franchisor all copies of the Operations Manual, customer lists, records, files, instructions, brochures, advertising materials, testing materials of any form or nature, agreements, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, all items containing any Marks, copyrights, and other proprietary items, and all other items specifically identified in any written communication to Franchisee or in the Operations Manual;

(c) cancel or assign within five (5) business days all registrations relating to its use of any of the Marks, in Franchisor's sole and absolute discretion. Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of the Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to the Franchisor or any new franchisee as may be directed by the Franchisor. The Franchisee acknowledges as between the Franchisor and the

Franchisee, the Franchisor has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the System. The Franchisee hereby irrevocably appoints the Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by **Attachment IV**;

(d) cease doing business under any of the Marks, cancel any assumed name registration that includes any of the Marks, assign all domain names and Internet directory listings that contain the Marks to Franchisor, and refrain from identifying itself as a LearningRx franchisee;

(e) allow Franchisor or representatives access to the Business and the computer systems to verify and secure Franchisee's compliance with the obligations under this Agreement;

(f) allow Franchisor to make a final inspection and audit of Franchisee's computer system, books, records and accounts; and

(g) abide by the terms of the required noncompetition covenant.

13.3 Failure to Cease or Remove Identification. If, within thirty (30) days after termination of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Center which are identified or associated with the System, Franchisor may enter the Center to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials. If, within thirty (30) days after termination Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any fictitious name or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, for the purpose of amending or terminating all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

13.4 Other Claims. Termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination.

13.5 Other Remedies. In the case of any uncured default, Franchisor may elect, in Franchisor's sole discretion, to not terminate this Agreement but instead to impose fines or other penalties as are more fully set forth in the Operations Manual.

13.6 Beginning three (3) years after the date of this Agreement, Franchisee may, at its option, upon sixty (60) days prior written notice ("**Notice Period**") to franchisor, terminate this Agreement prior to its expiration date ("**Early Termination Option**") if, at the time of exercising its option, the Business has a negative Net Operating Income on a cash basis (as recorded in the Franchisee's accounting software), and verified by Certified Professional Accountant approved by Franchisor (at Franchisee's sole cost and expense) over any aggregated twelve (12) consecutive month period during the Term of this Agreement. If Franchisee exercises the Early Termination Option in strict compliance with the terms of this Section 13.06, Franchisor agrees to waive Franchisor's right to seek from Franchisee, and Franchisee shall not be liable in any way for, Franchisor's lost future profits, lost future royalty fees, and/or lost future marketing/advertising fees and Franchisee shall not be subject to any liquidated damages identified in the Franchise Agreement (collectively the "**Lost Profits Damages**"). Franchisee acknowledges and agrees that Franchisor retains the right to pursue Franchisee for any and all damages (including, by way of example, any and all monies owed to Franchisor prior to the termination of the Franchise Agreement, damages incurred by Franchisor as the result of Franchisee's conversion of existing or prospective customers, trademark damages, reputational damages, damages incurred by Franchisor as the result of Franchisee's failure to provide all paid for services to customers or refunds to customers), other than the Lost Profits Damages, incurred by

Franchisor as the result of Franchisee's exercise of the Early Termination Option. In addition, Franchisee acknowledges and agrees that Franchisee's right to exercise the Early Termination Option and to have Franchisor waive the Lost Profits Damages are expressly conditioned upon Franchisee's strict compliance with the following requirements:

(a) Franchisee must comply with all obligations herein that by their terms survive termination, including those pertaining to non-competition, confidentiality, and indemnity, and the obligations set forth in this Agreement at Section 13.2(a)-(g);

(b) By the expiration of the Notice Period, Franchisee must either: (1) deliver all contracted training services; (2) provide prorated refunds for all undelivered services (along with evidence of such refunds prior to the termination date) to all clients under contract; or (3) make arrangements with all clients under contract to complete all contracted training services;

(c) All expense items recorded on Franchisee's books must be recorded at commercially reasonable rates and must relate directly to the operation of the Business including, but not limited to salary and compensation expenses and other expenses paid to or on behalf of Franchisee's family members and other persons not working for the Business on a regular, full time basis.

14. TRANSFER

14.1 Prohibited Acts. Any unauthorized Transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void, a breach of this Agreement, and grounds for termination of this Agreement by Franchisor.

14.2 Transfer by Franchisor. Franchisor's obligations under this Agreement are not personal, and Franchisor can unconditionally assign and transfer, in its sole and absolute discretion, this Agreement to another person or business entity at any time. Franchisor does not need permission of Franchisee for the transfer and may transfer free of any responsibility or liability whatsoever to the Franchisee, provided the transferee assumes the Franchisor's material obligations. Franchisor may also:

(a) sell or issue its stock, other ownership interests, or assets, whether privately or publicly;

(b) merge with, acquire, or be acquired by another entity, including an entity that competes directly with Franchisee; or

(c) undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

14.3 Transfer by Franchisee. Franchisee's obligations under this Agreement are personal and may not be voluntarily or involuntarily sold, pledged, assigned, transferred, shared, subdivided, sub franchised, encumbered or transferred in any way without the prior express written approval of Franchisor.

14.4 Conditions for Transfer. No Transfer of this Agreement will be approved by Franchisor or be effective unless and until:

(a) Franchisee is under no material default in the performance or observance of any of its obligations under this Agreement and Franchisee is under no material default that materially impairs or detracts from the goodwill or brand under any other agreement with Franchisor at the time Franchisee requests permission to transfer the Business or at the time of the transfer;

(b) Franchisee has settled all outstanding accounts with Franchisor, and Franchisee, and every principal of Franchisee's entity, have executed a general release of Franchisor and all principals of Franchisor from all claims that may be brought by you or any principal;

(c) the proposed transferee pays Franchisor a fee to transfer the Business ("**Transfer Fee**") which includes the initial training at franchisor's office, a Boost marketing deposit, onsite training, advance consultation training, and legal fees in the amount of Ten thousand and 00/100 Dollars ($10,000.00) unless the transferee is:

(xiv) a corporation, partnership, or limited liability company of which Franchisee is the majority stockholder, or a child, parent, sibling or spouse of Franchisee, in which case no Transfer Fee will be required, or

(xv) another franchisee of LearningRx, in which case the Transfer Fee will be Five thousand and 00/100 Dollars ($5,000.00);

(d) the proposed transferee executes a separate franchise agreement with Franchisor, using the then-current form of franchise agreement;

(e) the proposed transferee pays for, attends, and satisfactorily completes the training program for new franchisees unless the transferee is a current franchisee or administrative staff member in good standing in the System that has already attended a full franchise training and met the current training requirements for a Center's staff;

(f) the individual proposed transferee, or the stockholders, partners, members, or trustees and beneficiaries of a proposed entity transferee, each execute a personal guarantee, jointly and severally guaranteeing the performance of the proposed transferee's obligations;

(g) the proposed transferee demonstrates to Franchisor's satisfaction that it, in all respects, meets Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote his or her full time and best efforts to the operation of the franchised Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided all information about the proposed transferee as it may reasonably require. Because of the confidential information available to a franchisee, no assignment to a competitor of the System will be permitted, and;

(h) if the proposed transfer is of a Micro Franchise, then Eighteen thousand and 00/100 Dollars ($18,000.00) must be escrowed to be used for the proposed transferee in the same way the Marketing Launch Fee is used; if the proposed transfer is of a Standard Franchise, the Twenty-Five thousand and 00/100 Dollars ($25,000.00) must be escrowed to be used for the proposed transferee in the same way the Marketing Launch Fee is used;

(i) in the event the proposed transfer is the result of the introduction from a third-party broker, Franchisee or the transferee will be solely responsible for payment of such brokerage commissions, and all such commissions must be paid in full before the transfer is deemed effective by Franchisor.

(j) Anything to the contrary notwithstanding, if the proposed Transfer is (i) of a non-controlling interest in Franchisee (and is not one of a series of Transfers which, in the aggregate with other Transfers, would constitute or result in the transfer of a controlling interest in Franchisee) and the Transfer is to one of Franchisee's owners listed in **Attachment V**, an immediate family member of one of Franchisee's owners listed in **Attachment V**; (ii) of a controlling interest in Franchisee and solely among Franchisee's owners listed in **Attachment V**; or (iii) of any interest in Franchisee and solely among entities

that are controlled by Franchisee's Owners listed in **Attachment V** for estate planning purposes all of the following conditions must be met prior to or concurrently with the effective date of the proposed Transfer:

(xvi) Franchisee is under no material default in the performance or observance of any of its obligations under this Agreement and Franchisee is under no material default that materially impairs or detracts from the goodwill or brand under any other agreement with Franchisor at the time Franchisee requests permission to transfer the Business or at the time of the transfer;

(xvii) Franchisee has paid all Royalties, Marketing Development Fund Fees, amounts owed for purchases from Franchisor and all other amounts owed to Franchisor or Franchisor's affiliates;

(xviii) Franchisee shall reimburse Franchisor for any reasonable external (i.e., not in-house) legal and administrative costs Franchisor incurs in connection with the Transfer;

(xix) Franchisee, or Franchisee's operational partner or Manager approved by Franchisor, continues to devote full time and best efforts to manage the daily operations of the Business, provided, however, that Franchisee need to comply with this requirement if Franchisor approves a substitute operational partner or Manager;

(xx) Franchisee have provided Franchisor with the material terms and conditions of such Transfer including, but not limited to, payment terms and the proposed post-Transfer ownership and control of the Business, and Franchisor approves of such terms and conditions, with such approval not being unreasonably withheld, conditioned, or delayed;

(xxi) Franchisor has determined that the price and terms of payment will not cause a material and unreasonably adverse impact on the transferee's operation of the Business;

(xxii) Franchisee and/or any transferring Owner(s) have executed an agreement in favor of Franchisor agreeing to remain bound by all obligations herein that by their terms survive termination, including those pertaining to non-competition, confidentiality, and indemnity, and, if applicable, the obligations set forth in this Agreement at Section 13.02(a)–(g);

(xxiii) Franchisee's new Owners sign **Attachment VI(a)** to the Franchise Agreement (Guaranty and Assumption of Obligations); and

(xxiv) this Agreement is amended to reflect the post-Transfer ownership.

14.5 Transfer to an Entity. Notwithstanding the preceding section, Franchisee may Transfer its rights and obligations under this Agreement without Franchisor's consent, to an entity in which Franchisee owns one hundred percent (100%) of the outstanding stock, provided:

(a) Franchisee remains on the Agreement as a party and the entity is added as a co-party;

(b) Franchisee, or Franchisee's operational partner or Manager approved by Franchisor, continues to devote full time and best efforts to manage the daily operations of the Business;

(c) the entity's activities are confined exclusively to operating the franchised Business; and

(d) the entity assumes joint and several liability with Franchisee.

14.6 Death of Franchisee. Upon the death of an individual Franchisee, the rights granted by this Agreement may pass (without payment of any Transfer Fee) to the next of kin or legatees, provided that Franchisee's legal representatives will within one hundred twenty (120) calendar days of Franchisee's death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor will not unreasonably withhold permission so long as the proposed transferees meet each of the then-current requirements of franchisees.

14.7 Right of First Refusal. Franchisee grants Franchisor the right to purchase the Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. Within seven (7) days after receipt of the bona fide offer acceptable to Franchisee to transfer all or part of the Business, Franchisee must forward a signed copy of the written offer to Franchisor. Franchisor will then have access to all Franchisee's Business Records in order to evaluate the offer and may purchase the Business upon notification to Franchisee within thirty (30) days.

14.8 Election of Right/Set Offs. If Franchisor elects to exercise its option to purchase under this Agreement, Franchisor will have the right to set off against any payment all amounts due from Franchisee under this Agreement.

14.9 Rights After Refusal. If Franchisor does not exercise its right to purchase within the required timeframe, Franchisee may transfer the Business to the third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Such transfer remains subject to Franchisor's prior written approval and other conditions specified in this Agreement. If Franchisor does not transfer the franchised Business to the transferee on the same terms offered to Franchisor, then Franchisee must again extend the right of first refusal to Franchisor in the manner described above, before another desired transfer.

15. GENERAL PROVISIONS

15.1 Covenants Not to Compete. During the term of this Agreement and for two (2) years after termination, transfer, or expiration of this Agreement for any reason, Franchisee agrees that neither Franchisee, nor any manager of Franchisee, any person associated with Franchisee, including officers, directors, shareholders, partners, members, trustees, employees or agents, and any members of Franchisee's immediate families (collectively **"Franchisee Affiliates"**), will (i) have any direct or indirect controlling interest as a legal or beneficial owner in a Competitive Business (as hereinafter defined); (ii) perform services as a director, partner, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or (iii) divert or attempt to divert any business related to, or any customer or account of the LearningRx Training Center, Franchisee's Business, Franchisor's business, the business of any affiliate of Franchisor or any other franchisee licensed by Franchisor, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisor or another franchisee licensed by Franchisor, to any Competitive Business by any direct inducement or otherwise. During the term of this Agreement, this Covenant Not to Compete applies anywhere in the United States. For two (2) years after the termination, transfer, or expiration of this Agreement, for any reason, this Covenant Not to Compete applies: (a) within Franchisee's Territory; (b) within counties adjacent to Franchisee's Territory or within a Territory then operated by or under development by Franchisor or another franchisee of Franchisor; (c) within a fifty mile radius from the boundary of Franchisees Territory or from any other franchised or company-owned LearningRx Training Center, (d) on the Internet or (e) on any other Multi-Area Marketing channels used by Franchisor.

Franchisee acknowledges that, in addition to the license of the Marks hereunder, Franchisor has also licensed commercially valuable information which comprises and is a part of the System, including without limitation, proprietary processes, operations, marketing and related information and materials and

that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all franchisees of Franchisor. Accordingly, this covenant not to compete is given in part in consideration for the commercially valuable information described herein, training and access to Franchisor's Trade Secrets, and which, if used without permission, would give Franchisee an unfair advantage over Franchisor and Franchisor's franchisees and affiliates. Franchisee acknowledges that it will be difficult or impossible to deliver learning enhancement services or cognitive or math and reading training services without using Franchisor's proprietary information and Trade Secrets and therefore in addition to the covenant not to compete found above, Franchisee agrees that Franchisee Affiliates will have the obligation of demonstrating and proving that any deliveries of learning enhancement services or cognitive or math and reading training services do not infringe on Franchisor's rights to its proprietary Information and Trade Secrets at a time when Franchisee no longer has any rights to that proprietary information or Trade Secrets.

The term "Competitive Business" as used in this Agreement will mean any business offering or granting franchises or licenses to others to provide: (i) learning enhancement courses, programs or products; (ii) brain training or cognitive training courses, programs or products; or (iii) math and reading training courses, programs, or products.

15.2 Stock Ownership. Nothing in this Section will prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of five percent (5%) of the stock of any company, which is subject to the reporting requirements of Sections 11 or Subsection 14(d) of the Securities and Exchange Act of 1934.

15.3 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 15 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15.

15.4 Defenses. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense the enforcement by Franchisor of the covenants in this Section 15. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 15 provided Franchisor prevails in any or all of its claims against Franchisee.

15.5 Franchisee acknowledges that Franchisee's violation of the terms of this Section 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Franchisee in violation of the terms of this Section 15.

15.6 No Prohibition against Acquiring One or More LearningRx Centers. The Parties expressly agree that the provisions in this Article 15 will not prevent Franchisee nor any of Franchisee's Affiliates, from acquiring the rights to operate one (1) or more additional Centers. In addition, Franchisee is prohibited from requiring any of Franchisee's Affiliates to sign any agreement restricting such Franchisee Affiliate from purchasing a Center from Franchisor or any existing Franchisee of Franchisor

16. DISPUTE RESOLUTION

16.1 Arbitration. Franchisor shall have the right, but not the obligation, to enforce this Agreement by the judicial process (and not by arbitration): (1) to protect any of its rights regarding any of its trademarks or to protect any of its intellectual property; (2) to protect any security interest; and (3) and to pursue any rights it may have under any leases, subleases, sales, promissory notes, purchases, security agreements, covenants not to compete or other agreements with Franchisee. Except as provided above, all controversies, disputes or claims between the Franchisor, its officers, directors, shareholders, sales people, Area Developers, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their respective capacity) and the Franchisee (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any Licensed Method, shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted in Denver, Colorado, and by one arbitrator chosen by the parties and experienced in franchise law. If the parties are unable to agree to the selection of an arbitrator within ten business days of the date of any written demand for arbitration made hereunder. The parties shall each select one arbitrator and the two selected arbitrators shall select a single arbitrator to hear the matter. The parties' consent to the use of the services of Judicial Arbitration Group, Inc. or its successor or the American Arbitration Association to administer the arbitration. The arbitration shall be conducted in accordance with the then - current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator will have the right to award any proper relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs; provided, however, the Parties expressly agree that the arbitrator may not award any Party more than Fifty Thousand and 00/100 Dollars ($50,000.00) in damages, including costs and attorneys' fees, and provided however, the arbitrator will not be empowered to award, nor will any party be entitled to receive, any damages or awards that are barred by the "**Limitation of Claims**" Section of this Agreement. The award and decision of the arbitrator will be conclusive and binding upon all parties and their respective owners, managers, employees, and agents. Judgment upon the award may be entered in any court of competent jurisdiction. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The arbitrator's decision will follow the plain meaning of this Agreement. The arbitrator will issue an award no later than ninety (90) days after the commencement of the arbitration hearing unless the parties agree otherwise. This dispute resolution clause shall survive the termination or expiration of this Agreement. If Franchisor enforces this Agreement by judicial process, as provided in the first sentence of this Section 16.1, each Party's damages shall also be limited to a maximum of Fifty Thousand and 00/100 Dollars ($50,000.00), including costs and attorneys' fees.

16.2 Governing Law/Consent to Venue and Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Federal Arbitration Act, or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law. The Franchisee and the Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving the Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**") and the Franchisor, its officers, directors or sales employees (collectively, "**Franchisor Affiliates**") the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Denver, Colorado or the Denver, Colorado office of the AAA and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Denver, Colorado or the Denver, Colorado office of the AAA. The

Franchisor, the Franchisor Affiliates, the Franchisee and the Franchisee Affiliates each waive their rights to a trial by jury.

16.3 Injunctive Relief. Notwithstanding the above provision for arbitration, the Franchisor and the Franchisee will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Franchisee agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds in excess of a total of Five Hundred and 00/100 Dollars ($500.00), but upon due notice, and the Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Franchisee. Franchisee agrees that injunctive relief may be appropriate in the following situations including, but not limited to, using products outside the bounds of the Franchise Agreement, violating in-term and post-term non-competes, and trademark infringement.

16.4 Cumulative Rights. The rights and remedies of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by either of them of any right or remedy hereunder shall preclude the exercise or enforcement by either of them of any other right or remedy hereunder which they are entitled by law and by the terms of this Agreement to enforce.

17. RELATIONSHIP OF THE PARTIES

17.1 Independent Contractor. Franchisee is an independent contractor and is not an agent, partner, joint venturer, or beneficiary of Franchisor, nor is Franchisor a fiduciary of Franchisee. Neither party will be bound or obligated by the other, except as set forth in this Agreement. Franchisee may not act as an agent in the Franchisor's name or on behalf of the Franchisor for any purpose whatsoever.

17.2 Operations and Identification. Franchisee must conspicuously identify itself in all dealings with the public as "independently owned and operated" separate from Franchisor. Franchisee's employees are employees of the Franchisee alone and are not, for any purpose, considered employees under the control of Franchisor. Franchisor and Franchisee must file separate tax, regulatory, and payroll reports for each party's own operations, and must indemnify the other for any liability arising from the other's reports.

18. MISCELLANEOUS

18.1 Entire Agreement. This Agreement, together with all written related agreements, exhibits and attachments, constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

18.2 Modification. No modifications of the terms of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee. However, the Operations Manual may be periodically modified by Franchisor and shall be fully enforceable against Franchisee provided the modified provisions shall not be inconsistent with the royalty, Marketing Development Fund or Territory provisions of this Agreement or the Area Development Agreement.

18.3 Waiver. Franchisor's waiver of any particular right by Franchisee will not affect or impair Franchisor's rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by Franchisor to execute any rights affect or impair Franchisor's rights as to any future exercise of those rights.

18.4 Severability. 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. All partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

18.5 Conflict with Local Law. 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.

18.6 Section Headings. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

18.7 Legal Costs. If either party institutes a legal proceeding in a court of law with valid jurisdiction and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law. This section shall not apply to arbitration as more fully set forth in Section 16 of this Agreement. The parties agree to each bear their own legal costs and other expenses incurred as part of any arbitration conducted in accordance with this Agreement.

18.8 Obligations. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.9 Continuation of Agreement. The provisions of this Agreement, which by their terms or by reasonable implication require performance by Franchisee after assignment, expiration or termination, remain enforceable notwithstanding the assignment, expiration or termination of this Agreement, including those pertaining to 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.

18.10 Notices and Delivery. All notices and other communications required by this Agreement must be in writing and must be delivered in person, sent by a recognized overnight delivery service or U.S. Mail overnight delivery, or by registered or certified mail, return receipt requested, or in any other manner Franchisor may designate. Communications sent to Franchisor must be sent to the attention of the Chief Executive Officer at Franchisor's address or at any other address we designate in writing. Communications to Franchisee will be sent to Franchisee at Franchisee's last known business address, or at any other address Franchisee designates in writing. Any notice is considered given and received, when delivered in person, on the third business day following the mailing, if mailed or the day after placement with an overnight delivery service.

18.11 Joint and Several Liability. If two or more persons or entities or any combination sign this Agreement, each will have joint and several liability. All owners and controllers of an entity or association which comprise the Franchisee are jointly and severally liable for the obligations of the Franchisee under this Agreement.

18.12 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercise Reasonable Business Judgment in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even

arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

18.13 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.14 Set Off. Franchisee may not set off any amounts owed to Franchisor under this Agreement nor may Franchisee withhold any amounts owed to Franchisor due to any alleged non-performance by Franchisor under this Agreement. Franchisee waives any right to set off.

18.15 Completion of Agreement. The parties agree to acknowledge, execute and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Agreement.

19. ACKNOWLEDGEMENT

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT:

19.1 FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE LEARNINGRX SYSTEM AND RECOGNIZES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL LARGELY DEPEND UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON; AND

19.2 FRANCHISEE IS NOT A PARTY TO OR SUBJECT TO AGREEMENTS THAT MIGHT CONFLICT WITH THE TERMS OF THIS AGREEMENT AND AGREES NOT TO ENTER INTO ANY CONFLICTING AGREEMENTS DURING THE TERM OR ANY RENEWAL TERMS; AND

19.3 FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED AND HAS RECEIVED A COPY OF THE COMPLETE LEARNINGRX FRANCHISE AGREEMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT OR ANY PAYMENT WAS MADE TO FRANCHISOR.

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement in two (2) or more counterparts on the day and year first above written.

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: _____
Dean Tenpas, President

FRANCHISEE: _____

By: _____

NOTE: THIS AGREEMENT MUST BE SIGNED INDIVIDUALLY BY THE PRIMARY REPRESENTATIVE OF FRANCHISEE AND ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE. ALL OWNERS OF FIVE PERCENT (5%) OR MORE OF THE OWNERSHIP INTEREST OF AN ENTITY FRANCHISEE AGREE TO SIGN **ATTACHMENT VI**, THE INDIVIDUAL GUARANTY.

ATTACHMENT I
TO FRANCHISE AGREEMENT
ADDENDUM

THIS ADDENDUM to the LearningRx Franchise Corporation Franchise Agreement ("**Agreement**") dated _____ between LearningRx Franchise Corporation ("**Franchisor**") and **_____** ("**Franchisee**"), is made effective as of the date of the Franchise Agreement.

1. Principal Business Address**.** Franchisee's Principal Business Address is:

_____

2. Initial Franchise Fee**.** The Franchisee shall pay **_____** as an Initial Franchise Fee pursuant to Section 5.2 of the Agreement, for a Territory population of approximately **_____** people.

3. **Premises.** Franchisee's Center will be located at:
_____

4. **Marketing Launch Fund.** The Franchisee shall pay _____ as a Marketing Launch Fund pursuant to Section 5.3 of the Agreement, for a Territory population of approximately **_____** people.

5. **Territory.** Franchisor will not own, operate, or franchise a fixed location for the operation of another Center within the area described as:

6. **Initial Training and Materials Fee**. The Franchisee shall pay **_____** as an Initial Training and Materials Fee pursuant to Section 5.6 of the Agreement, for a Territory population of approximately **_____** people.

Fully executed **_____.**

LEARNINGRX FRANCHISE CORPORATION

By:_____
Dean Tenpas, President

FRANCHISEE: _____

By:_____

ATTACHMENT II
TO FRANCHISE AGREEMENT

SATELLITE LOCATION ADDENDUM TO FRANCHISE AGREEMENT

This LearningRx Satellite Addendum ("**Addendum**") is entered into this _____day of_ _____, 20___, by and between LearningRx Franchise Corporation, a Colorado corporation ("**Franchisor**"), and_____, a_____ ("**Franchisee**").

RECITALS

WHEREAS, on _____, 20___ the parties entered into a franchise agreement ("**Franchise Agreement**") pursuant to which Franchisee was granted the right to operate a Center at the Premises, using the System and Marks for the term of the Franchise Agreement;

WHEREAS, Franchisee desires to obtain a license to operate an additional location ("**Satellite Location**") under the Marks and in strict conformance with the System and the specifications listed in Franchisor's Operations Manual, and Franchisor is willing to grant Franchisee such a license to operate a Satellite Location under the terms and conditions of this Addendum; and

WHEREAS, all capitalized terms used in this Addendum shall have the meaning as defined in the Franchise Agreement.

NOW, the parties agree as follows:

I. GRANT

1. Grant of License. So long as the Franchise Agreement between Franchisor and Franchisee remains in good standing, Franchisor grants to Franchisee and Franchisee accepts from Franchisor, a non-exclusive right and obligation to use the System and Marks to open and operate one Satellite Location, in accordance with the terms of the Franchise Agreement. The Satellite Location must comply with all specifications set forth in Franchisor's current Operations Manual.

2. Term. The term of this Addendum will begin on the date this Addendum is executed ("**Execution Date**") and, unless it is terminated earlier according to this Addendum, will expire at midnight on the three hundred, sixty-fifth (365^{th}) day after the Execution Date ("**Initial Term**").

3. Satellite Location Fee. Upon the signing of this Addendum, Franchisee must pay a Satellite Location fee of Five thousand and 00/100 Dollars ($5,000.00) ("**Satellite Location Fee**"), if the Satellite Location is outside of the Territory. The Satellite Location Fee is fully earned upon signing this Addendum and is non-refundable under any circumstances. Upon making one annual payment of Five thousand and 00/100 Dollars ($5,000.00) or twelve (12) monthly payments of Four hundred fifty and 00/100 Dollars ($450.00) for a Satellite Location outside of the Territory,

Two thousand five hundred and 00/100 Dollars ($2,500.00) will be applied by Franchisor towards a future franchise agreement for Franchisee within the Territory. If approved by Franchisor in writing, this application may be renewed on an annual basis. If the Satellite Location is within the Territory, a reduced Satellite Location Fee of Two thousand four hundred and 00/100 Dollars ($2,400.00) will only be due if Franchisee wishes to have to Satellite Location listed on the LearningRx website.

4. Satellite Location Site. The site ("**Site**") of Franchisee's Satellite Location may be within the Territory granted to Franchisee under the Franchise Agreement, or it may be outside of the Territory granted to Franchisee under the Franchise Agreement, provided that site is not within an existing franchisee's territory granted pursuant to a valid franchise agreement. Franchisee acknowledges and agreements that Franchisee will not receive an exclusive or protected territory for its Satellite Location. Franchisor reserves the right to grant a territory to another franchisee which includes the Site at any time.

5. Retention of Rights. Franchisor, on behalf of it and its Affiliates, reserves all rights not specifically granted to Franchisee pursuant to this Addendum, all without compensation to Franchisee, including but not limited to the following: except as provided for in the Franchise Agreement between Franchisor and Franchisee, Franchisor and its Affiliates may own or operate, or license or franchise others to own or operate a LearningRx Training Center in any location, even if that location creates a territory which encompasses Franchisee's Site.

6. Gross Revenue. The first sentence of the definition of "Gross Revenue" under the Franchise Agreement is hereby deleted and replaced with the following:

"Gross Revenue" means the total of all receipts derived from services or products sold at the Center and Satellite Location, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, bartering, or other means of exchange."

7. Royalty Fee. The Gross Revenues for the Satellite Location shall be added to the Gross Revenues of Franchisee's Center to determine the Royalties owed to Franchisor each month. Therefore, Franchisee must pay to Franchisor one (1) monthly royalty for both the Center granted to it under the Franchise Agreement and the Satellite Location granted to it under this Addendum, of the greater of either (i) eight percent (8%) of the combined Gross Revenues for its Center and its Satellite Location, or (ii) the Minimum Monthly Royalty, as defined in the Franchise Agreement.

8. Renewal. Franchisor is under no obligation to renew this Addendum after the Initial Term. Franchisee does not have any right to unilaterally renew this Addendum. Franchisor may elect to grant Franchisee the right to extend this Addendum for additional three hundred, sixty-five (365) day periods (each a "**Successor Term**") after the expiration of the current term. If Franchisee exercises its right to a Successor Term, it must pay Franchisor an additional Satellite Location Fee before the first day of that Successor Term.

9. Satellite Transition. Franchisee agrees that if Franchisor licenses the right to own and operate a LearningRx Center to another franchisee, and grants to that franchisee a territory that encompasses Franchisee's Site, Franchisee must shut down its Satellite Location on or before

the date that the new franchisee opens its LearningRx Training Center. Further, Franchisee must transfer all of Franchisee's customers to the new franchisee on or before the new franchisee is prepared to open its LearningRx Training Center. Together, these events will be referred to in the Addendum as Franchisee's "**Satellite Transition**." Franchisee will have no right to compensation in the event of a Satellite Transition and will have no right to be reimbursed any portion of the Satellite Location Fee.

10. Transfer by Franchisee. Franchisee's obligations under this Addendum are personal and may not be voluntarily or involuntarily sold, pledged, assigned, transferred, shared, subdivided, sib franchised, encumbered or transferred in any way without the prior express written approval of Franchisor.

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Addendum in two (2) or more counterparts on the day and year first above written.

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: _____
Dean Tenpas, President

FRANCHISEE: _____

By: _____
Printed Name: _____

ATTACHMENT III
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

THIS ASSIGNMENT is entered into this ____ day of _____, 20__, in accordance with the terms of that certain LearningRx Franchise Corporation Franchise Agreement (the "Franchise Agreement") between _____ ("**Franchisee**") and LearningRx Franchise Corporation, a Colorado corporation ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a LearningRx Training Center Franchise located at _____ (the "**Franchise Business**").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor those certain telephone numbers, addresses, domain names, locators, directories and listings (collectively, the "**Numbers, Addresses, and Listings**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone, Internet, email, electronic network, directory, and listing entities with which Franchisee has dealt (all such entities are collectively referred to herein as "**Provider Companies**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor shall have the right and is hereby empowered to effectuate the Assignment of the Numbers, Addresses, and Listings and, in such event, Franchisee shall have no further right, title or interest in the Numbers, Addresses, and Listings, and shall remain liable to the Provider Companies for all past due fees owing to the Provider Companies on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Numbers, Addresses, and Listings, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Provider Companies to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Provider Companies to assign the Numbers, Addresses, and Listings to Franchisor. If Franchisee fails to promptly direct the Provider Companies to assign the Numbers, Addresses and Listings to Franchisor, Franchisor shall direct the Provider Companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Provider Companies may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers, Addresses, and Listings upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Provider Companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Provider Companies require that the parties execute the Provider Companies' assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE

LearningRx Franchise Corporation

ASSIGNOR

By: _____
Dean Tenpas, President

Franchisee: _____

By: _____

ATTACHMENT IV
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed and a copy of the Partnership Agreement certified by the Secretary of State for the State in which the Partnership was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed and a copy of the Operating Agreement certified by the Secretary of State for the State in which the LLC was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each and a copy of the Articles of Incorporation certified by the Secretary of State for the State in which the corporation was formed.

_____
_____
_____
_____

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

Date: _____ _____

ATTACHMENT V(a)
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION
OF OBLIGATIONS

This **Guaranty and Assumption of Obligation** is given this _____day of _____, 20___, by **_____.**

In consideration of, and as inducement to, the execution of that certain Franchise Agreement of even date herewith (the "**Agreement**") by **LearningRx Franchise Corporation** (the "**Franchisor**"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that **_____** (the "**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Notwithstanding clauses (a) and (b) above, a spouse who is also a guarantor hereunder and who becomes widowed and who does not have (and will not obtain) an ownership interest in the Franchisee, the Agreement, or any Franchise Agreement granted thereunder as an owner, co-owner, investor, member, partner, shareholder or like capacity shall not thereafter be held responsible for any monetary obligations thereafter arising out of the terms and conditions of this Guaranty and Assumption of Obligations unless any such ownership interest is acquired in any manner by the widowed spouse, or the widowed spouse's or deceased spouse's children. Notwithstanding any change in ownership resulting from the death of a spouse, all monetary obligations and liabilities existing at the time of death shall continue to be an obligation of the surviving spouse until such obligations or liabilities shall be paid in full by the estate or by the guarantor spouse. Notwithstanding the limitations set forth above, any and all other non-monetary obligations of the Agreement shall remain an obligation of the surviving spouse.

Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (iii) protest and non-performance of any obligations hereby guaranteed; (iv) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (v) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (i) his/her direct and immediate liability under this guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time-to-time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto written his/her signature on the same day and year as the Agreement was executed.

Guarantor(s):	**Percentage of Ownership of Franchisee**	
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)
_____	_____%	_____
(Signature)		(Typed or Printed Name)

ATTACHMENT V(b)
TO FRANCHISE AGREEMENT

SPOUSAL AND DOMESTIC PARTNER GUARANTY
AND ASSUMPTION OF OBLIGATIONS

This **Spousal And Domestic Partner Guaranty and Assumption of Obligation** is given this _____day of _____, 20___, by **_____.**

In consideration of, and as inducement to, the execution of that certain Franchise Agreement of even date herewith (the "**Agreement**") by **LearningRx Franchise Corporation** (the "**Franchisor**") and the party or parties identified on the Agreement (the "**Franchisee**"), and acknowledging that Franchisor would not be willing to enter into the Agreement without the commitment of each spouse or domestic partner of Franchisee's owner to guarantee the performance of the Franchisee, each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Notwithstanding clauses (a) and (b) above, a spouse or domestic partner who is also a guarantor hereunder and who becomes widowed and who does not have (and will not obtain) an ownership interest in the Franchisee, the Agreement, or any Franchise Agreement granted thereunder as an owner, co-owner, investor, member, partner, shareholder or like capacity shall not thereafter be held responsible for any monetary obligations thereafter arising out of the terms and conditions of this Guaranty and Assumption of Obligations unless any such ownership interest is acquired in any manner by the widowed spouse or domestic partner, or the widowed spouse's children, deceased spouse's children, or domestic partner's children. Notwithstanding any change in ownership resulting from the death of a spouse or domestic partner, all monetary obligations and liabilities existing at the time of death shall continue to be an obligation of the surviving spouse or domestic partner until such obligations or liabilities shall be paid in full by the estate or by the guarantor spouse or domestic partner. Notwithstanding the limitations set forth above, any and all other non-monetary obligations of the Agreement shall remain an obligation of the surviving spouse.

Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (iii) protest and non-performance of any obligations hereby guaranteed; (iv) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (v) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (i) his/her direct and immediate liability under this guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time-to-time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto written his/her signature on the same day and year as the Agreement was executed.

Guarantor(s):

_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)
_____	_____
(Signature)	(Typed or Printed Name)

ATTACHMENT VI
TO FRANCHISE AGREEMENT

ADDENDUM (RE CONSENT TO TRANSFER for SBA)
RELATING TO LearningRx Franchise Corporation FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, by LearningRx Franchise Corporation, located at 5085 List Drive, Colorado Springs, Colorado 80919 (Franchisor), and _____, located at _____ (Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____ (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____. Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 14.4 of the Franchise Agreement.

- In the event of a disability or incompetency, the franchisee's representative will be able to transfer the franchise subject to the franchisor's consent which will not be unreasonably withheld.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR: **FRANCHISEE:**

By: _____ By:_____
Dean Tenpas, President

ATTACHMENT VII
TO FRANCHISE AGREEMENT
New Franchisee Disclosure Questionnaire

As you know, you and LearningRx Franchise Corporation are preparing to enter into a Franchise Agreement for the operation of a LearningRx franchise. **This questionnaire cannot be signed and dated the same day as the Acknowledgment for the Franchise Disclosure Document.**

If you are a franchisee in any of the following states, please do not answer Questions 4 or 11 – 15, as such questions are not applicable to you: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin

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

This Questionnaire does not waive any liability LearningRx way have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes___ No___ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?

Yes___ No___ 2. Have you received and personally reviewed the LearningRx Uniform Disclosure Document we provided you?

Yes___ No___ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes___ No___ 4. Do you understand all the information contained in both the Disclosure Document and Franchise Agreement?

Yes___ No___ 5. A) Have you reviewed both the Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?

Yes___ No___ B) Have you discussed the benefits and risks of operating a franchise with your professional advisor?

Yes___ No___ C) Did you discuss the benefits and risks of operating a franchise with an existing franchisee?

Yes___ No___ D) Do you understand the risks of operating a franchise?

Yes___ No___ 6. Do you understand that the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes___ No___ 7. Do you understand that all disputes or claims arising out of or relating to the Franchise Agreement may be settled by arbitration in Colorado, subject to state law?

Yes___ No___ 8. Do you understand that at least 1 person whose name appears on the Franchise Agreement must satisfactorily complete the training course at headquarters before a Center will be allowed to open or a transfer executed?

Yes___ No___ 9 Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes___ No___ 10. Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a franchise will generate that is not contained in the Disclosure Document or that is contrary to or different from the information contained in the Disclosure Document?

Yes___ No___ 11. Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes___ No___ 12. Do you understand that the Franchise Agreement contains the entire agreement between you and LearningRx concerning the franchise license for the Center?

Yes___ No___ 13. Do you understand that you will be an independent businessperson with a license to use our trademark?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____ Dated: _____

By:

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

ATTACHMENT VIII(a) to FRANCHISE AGREEMENT

CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT

Instructions: This "Confidentiality and Covenant Not to Compete Agreement" must be completed and signed by certain individuals. The signed original(s) of the Agreement must then be immediately delivered to the Franchisor by the Franchisee.

If the Franchisee is an entity, then these individuals must sign this document: each Member, shareholder, officer, director and partner of the entity, each spouse of such Member, shareholder, officer, director and partner, every manager of the Franchisee, each Guarantor of the Franchisee, the spouse of each Guarantor, and each employee having access to the Franchisor's confidential information.

If the Franchisee is not an entity, then these individuals must sign this Agreement: the spouse of the Franchisee, every manager of the Franchisee, each Guarantor of the Franchisee, the spouse of each Guarantor, and each employee having access to the Franchisor's confidential information.

This Agreement is made and entered into between LearningRx Franchise Corporation, ("**Franchisor**"), _____ ("**Franchisee**"), and _____ ("**Franchisee Affiliate**").

RECITALS

WHEREAS, Franchisor has developed a unique system (the "**System**") and is engaged in the business of offering, selling or granting franchises or licenses for the operation of a location to provide education services, including but limited to (a) learning enhancement courses, programs or products, (b) brain training or cognitive training courses, programs or products and (c) reading training courses, programs, or products ("**Business**"), known as "**LearningRx Training Centers**"; and,

WHEREAS, Franchisor has granted to Franchisee the limited right to develop a LearningRx Business using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on the ____day of _____, 20__ ("**Franchise Agreement**"), by and between Franchisor and Franchisee; and,

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin ("**Licensed Marks**"), including, but not limited to, the marks "LearningRx" and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive marketing, uniform standards, specifications and procedures for performing services, merchandising, management and financial control; operations; quality and uniformity of services offered; training and assistance; and advertising, marketing and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("**Trade Secrets**"); and,

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by,

Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and,

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and,

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and,

WHEREAS, it will be necessary for employees, agents and independent contractors of Franchisee, or any entity having an interest in Franchisee ("**Franchisee Affiliates**") to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee's LearningRx Business using the System; and,

WHEREAS, Franchisee has agreed to obtain from those Franchisee Affiliates written agreements protecting the Trade Secrets and the System against unfair competition; and,

WHEREAS, Franchisee Affiliate desires or will become associated with or be employed by Franchisee; to remain in such employment, or is or will become involved with the Company in the capacity of an officer, partner, director, agent, employee, principal, or as a beneficial owner of the person or entity that has acquired the right to operate a Business of the Company ("**Franchisee**"), or as an immediate family member of the Franchisee and will become privileged as to certain Confidential Information; and,

WHEREAS, Franchisee Affiliate desires and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Franchisee; and,

WHEREAS, Franchisee Affiliate acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Franchisee Affiliate herein;

NOW THEREFORE, in consideration of the mutual covenant and obligations contained herein, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

CONFIDENTIALITY AGREEMENT

1. Franchisor and/or Franchisee may disclose to Franchisee Affiliate some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, Operations Manuals, drawings, marketing techniques, specifications, techniques and compilations of data that Franchisor provides to Franchisee and/or Franchisee Affiliate shall be deemed confidential Trade Secrets for the purposes of this Agreement.

2. Franchisee Affiliate shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association

with a Franchisee and then only in connection with the development and/or operation by Franchisee of a LearningRx Business for so long as Franchisee is licensed by Franchisor to use the System.

3. Franchisee Affiliate shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Franchisee Affiliate shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a LearningRx Business.

5. Franchisee Affiliate shall surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Franchisee Affiliate.

6. Franchisee Affiliate shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Licensed Marks, the Trade Secrets or the System.

7. All Operations Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

COVENANTS NOT TO COMPETE

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Franchisee Affiliate of the Trade Secrets, Franchisee Affiliate further agrees and covenants that Franchisee Affiliate will not without the prior written consent of Franchisor:

a. Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, except with Franchisor's approval;

b. Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business wherever operating except with Franchisor's approval;

c. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the LearningRx Business to any competitor;

d. Make any disparaging remarks, or otherwise take any action or do anything that could reasonably be anticipated to cause loss or damage to the business or business opportunities, affairs, reputation and goodwill of, or otherwise negatively reflect upon, Franchisor, the System or the Licensed Marks; and

The term "Competitive Business" as used in this Agreement will mean any business offering, or granting franchises or licenses to others to provide: (i) learning enhancement courses, programs or products; (ii) brain training or cognitive training courses, programs or products; or (iii) math and reading training courses, programs, or products.

2. This Covenant Not to Compete shall apply:

a. during the term of Franchisee Affiliate's relationship, association with or employment by Franchisee anywhere within the United States; and,

b. for the two years following the termination of Franchisee Affiliate's association with or employment by Franchisee:

i. within Franchisee's Territory or any area serviced by Franchisee;

ii. within counties adjacent to Franchisee's Territory or within a Territory then operated by or under development by Franchisor or another franchisee of Franchisor;

iii. within a fifty mile radius from the boundary of Franchisees Territory or from any other franchised or company-owned LearningRx Training Center, or

iv. on the Internet or on any other Multi-Area Marketing channels used by Franchisor.

The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Franchisee Affiliate, Franchisee, and its officers, directors, shareholders, managers, members and partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

MISCELLANEOUS

1. Franchisee shall make all commercially reasonable efforts to ensure that Franchisee Affiliate acts as required by this Agreement.

2. Franchisee Affiliate acknowledges and agrees that Franchisee Affiliate is signing this Agreement as a condition for receiving access to, and the ability to use, Franchisor's confidential information in the performance of Franchisee Affiliate's duties and obligations as an owner, spouse, employee or contractor of Franchisee and that the execution of this Agreement will not be deemed to create an employment relationship between Franchisor and Franchisee Affiliate and Franchisor. Franchisee Affiliate hereby waives, to the greatest extent permitted by federal law and the law of the state or states in which Franchisee Affiliate resides and is employed by Franchisee, any claim that

Franchisee Affiliate may have to be deemed to be an employee of Franchisor by virtue of signing this Agreement.

3. Franchisee and Franchisee Affiliate agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law.

Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and/or a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. Franchisee and Franchisee Affiliate agree that Franchisee's and/or Franchisee Affiliate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Franchisee and by Franchisee Affiliate.

4. Franchisee Affiliate agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

5. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Franchisee Affiliate shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Franchisee Affiliate.

6. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO. FRANCHISEE AFFILIATE HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF EL PASO COUNTY, COLORADO OR THE U. S. DISTRICT COURT FOR THE DISTRICT OF COLORADO. FRANCHISEE AFFILIATE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. FRANCHISEE AFFILIATE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY COLORADO OR FEDERAL LAW. FRANCHISEE AFFILIATE FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN EITHER EL PASO OR DENVER COUNTY, COLORADO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

7. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this

Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Franchisee Affiliate expressly agrees to be bound by any lesser covenant embraced within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

8. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successor and assigns. The respective obligations of Franchisee and Franchisee Affiliate hereunder may not be assigned by Franchisee or Franchisee Affiliate without the prior written consent of Franchisor.

10. The waiver by Franchisor of any breach of any provision of this Agreement by Franchisee or Franchisee Affiliate shall not operate or be construed as a waiver of any subsequent breach thereof.

11. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

11. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

LearningRx Franchise Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
Attention: Legal Department
Email: dean@learningrx.com

If directed to Franchisee, the notice shall be addressed to:

_____
_____
_____
Attention: _____
Email: _____

If directed to Franchisee Affiliate, the notice shall be addressed to:

_____
_____
_____
Attention: _____
Email: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days' written notice of such change to the other parties. A "business day" for the purpose of this Agreement excludes Saturday, Sunday and national holidays.

The effective of Agreement shall be the _____ day of _____, 20 __.

FRANCHISOR: LearningRx Franchise Corporation

By: _____
Dean Tenpas, President

FRANCHISEE: _____

By: _____

FRANCHISEE AFFILIATE: _____

By: _____

ATTACHMENT VIII(b) to FRANCHISE AGREEMENT

SPOUSAL AND DOMESTIC PARTNER CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT

Instructions: This "Spousal and Domestic Partner Confidentiality and Covenant Not to Compete Agreement" must be completed and signed by the spouses or domestic partners of the equity owners of the Franchisee. The signed original(s) of the Agreement must then be immediately delivered to the Franchisor by the Franchisee.

This Agreement is made and entered into between LearningRx Franchise Corporation, ("**Franchisor**"), _____ ("**Franchisee**"), and _____ ("**Spousal Affiliate**").

RECITALS

WHEREAS, Franchisor has developed a unique system (the "**System**") and is engaged in the business of offering, selling or granting franchises or licenses for the operation of a location to provide education services, including but limited to (a) learning enhancement courses, programs or products, (b) brain training or cognitive training courses, programs or products and (c) math and reading training courses, programs, or products ("**Business**"), known as "LearningRx Training Centers[SM]"; and,

WHEREAS, Franchisor has granted to Franchisee the limited right to develop a LearningRx Business using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on the _____ day of _____, 20__ ("**Franchise Agreement**"), by and between Franchisor and Franchisee; and,

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin ("**Licensed Marks**"), including, but not limited to, the marks "LearningRx" and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive marketing, uniform standards, specifications and procedures for performing services, merchandising, management and financial control; operations; quality and uniformity of services offered; training and assistance; and advertising, marketing and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("**Trade Secrets**"); and,

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and,

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and,

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and,

WHEREAS, it may be necessary for the spouses or domestic partners of the owners of Franchisee ("**Spousal Affiliates**") to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee's LearningRx Business using the System; and,

WHEREAS, Franchisee has agreed to obtain from those Spousal Affiliates written agreements protecting the Trade Secrets and the System against unfair competition; and,

WHEREAS, Spousal Affiliate is by definition associated with Franchisee and will become privileged as to certain Confidential Information; and,

WHEREAS, Spousal Affiliate desires and needs to receive and use the Trade Secrets in the course of his or her relationship with one or more owners of Franchise; and,

WHEREAS, Spousal Affiliate acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Spousal Affiliate herein;

NOW THEREFORE, in consideration of the mutual covenant and obligations contained herein, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

CONFIDENTIALITY AGREEMENT

1. Franchisor and/or Franchisee may disclose to Spousal Affiliate some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, Operations Manuals, drawings, marketing techniques, specifications, techniques and compilations of data that Franchisor provides to Franchisee and/or Spousal Affiliate shall be deemed confidential Trade Secrets for the purposes of this Agreement.

2. Spousal Affiliate shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his or her employment or association with a Franchisee and then only in connection with the development and/or operation by Franchisee of a LearningRx Business for so long as Franchisee is licensed by Franchisor to use the System.

3. Spousal Affiliate shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Spousal Affiliate shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a LearningRx Business.

5. Spousal Affiliate shall surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee,

or upon conclusion of the use for which such information or material may have been furnished to Spousal Affiliate.

6. Spousal Affiliate shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Licensed Marks, the Trade Secrets or the System.

7. All Operations Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

COVENANTS NOT TO COMPETE

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Spousal Affiliate of the Trade Secrets, Spousal Affiliate further agrees and covenants that Spousal Affiliate will not without the prior written consent of Franchisor:

a. Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, except with Franchisor's approval;

b. Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business wherever operating except with Franchisor's approval;

c. Employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any of its franchisees, or otherwise directly or indirectly induce such person to leave that person's employment; or

d. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the LearningRx Business to any competitor;

e. Make any disparaging remarks, or otherwise take any action or do anything that could reasonably be anticipated to cause loss or damage to the business or business opportunities, affairs, reputation and goodwill of, or otherwise negatively reflect upon, Franchisor, the System or the Licensed Marks; and

The term “Competitive Business” as used in this Agreement will mean any business offering or granting franchises or licenses to others to provide: (i) learning enhancement courses, programs or products; (ii) brain training or cognitive training courses, programs or products; or (iii) math and reading training courses, programs, or products.

2. This Covenant Not to Compete shall apply:

a. during the term of Spousal Affiliate’s relationship, association with an owner of Franchisee or employment by Franchisee anywhere within the United States; and,

b. for the two years following the termination of Spousal Affiliate's association with or employment by Franchisee:

i. within Franchisee's Territory or any area serviced by Franchisee;

ii. within counties adjacent to Franchisee's Territory or within a Territory then operated by or under development by Franchisor or another franchisee of Franchisor;

iii. within a fifty mile radius from the boundary of Franchisees Territory or from any other franchised or company-owned LearningRx Training Center, or

iv. on the Internet or on any other Multi-Area Marketing channels used by Franchisor.

The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Spousal Affiliate, Franchisee, and its officers, directors, shareholders, managers, members and partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

MISCELLANEOUS

1. Franchisee shall make all commercially reasonable efforts to ensure that Spousal Affiliate acts as required by this Agreement.

2. Spousal Affiliates acknowledge and agree that Spousal Affiliates are signing this Agreement as a condition for receiving access to, and the ability to use, Franchisor's confidential information in the performance of Spousal Affiliates' duties and obligations as an owner, spouse, employee or contractor of Franchisee and that the execution of this Agreement will not be deemed to create an employment relationship between Franchisor and Spousal Affiliates and Franchisor. Spousal Affiliates hereby waive, to the greatest extent permitted by federal law and the law of the state or states in which Spousal Affiliates reside and are employed by Franchisee, any claim that Spousal Affiliates may have to be deemed to be an employee of Franchisor by virtue of signing this Agreement.

3. Franchisee and Spousal Affiliate agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and/or a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened

harm and without being required to furnish a bond or other security. Franchisee and Spousal Affiliate agree that Franchisee's and/or Spousal Affiliate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Franchisee and by Spousal Affiliate.

4. Spousal Affiliate agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

5. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Spousal Affiliate shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Spousal Affiliate.

6. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO. SPOUSAL AFFILIATE HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF EL PASO COUNTY, COLORADO OR THE U. S. DISTRICT COURT FOR THE DISTRICT OF COLORADO. SPOUSAL AFFILIATE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. SPOUSAL AFFILIATE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY COLORADO OR FEDERAL LAW. SPOUSAL AFFILIATE FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN EITHER EL PASO OR DENVER COUNTY, COLORADO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

7. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Spousal Affiliate expressly agrees to be bound by any lesser covenant embraced within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

8. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successor and assigns. The respective obligations of Franchisee and Spousal Affiliate hereunder may not be assigned by Franchisee or Spousal Affiliate without the prior written consent of Franchisor.

10. The waiver by Franchisor of any breach of any provision of this Agreement by Franchisee or Spousal Affiliate shall not operate or be construed as a waiver of any subsequent breach thereof.

11. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

12. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

LearningRx Franchise Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
Attention: Legal Department
Email: dean@learningrx.com

If directed to Franchisee, the notice shall be addressed to:

_____
_____
_____
Attention: _____
Email: _____

If directed to Spousal Affiliate, the notice shall be addressed to:

_____
_____
_____
Attention: _____
Email: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days' written notice of such change to the other parties. A "business day" for the purpose of this Agreement excludes Saturday, Sunday and national holidays.

The effective of Agreement shall be the _____ day of _____, 20 __.

FRANCHISOR: LearningRx Franchise Corporation

By: _____
Dean Tenpas, President

FRANCHISEE: _____

By: _____

SPOUSAL AFFILIATE: _____

By: _____

ATTACHMENT IX
TO FRANCHISE AGREEMENT

Lease Rider

A lease rider to the lease between _____ (**Tenant**)

and _____ (**Landlord**) dated _____20___.

On termination of this Agreement for any reason, LearningRx Franchise Corporation or its designee will have the option for thirty (30) days to assume Tenant's remaining lease obligations without accruing any liability regarding the lease prior to the effective date of any assignment; or LearningRx Franchise Corporation will have the right to execute a new lease for the remaining term on the same terms and conditions;

a) all notices of default to Tenant under the lease must be sent contemporaneously to LearningRx Franchise Corporation at 5085 List Dr. Suite 200, Colorado Springs, CO 80919;

b) in the event Tenant defaults under the lease, LearningRx Franchise Corporation or its designee will have an opportunity, but not the obligation, to cure such default and to assume Leasee's remaining obligations under the lease, but will not have any obligation to do so; and

c) a provision reserving to LearningRx Franchise Corporation the right, at LearningRx Franchise Corporation's sole and absolute election, to receive an assignment of the leasehold interest from Tenant upon termination or expiration of the initial term or any renewal term, or any termination of Tenant, and the right to reassign the lease without becoming liable on the lease and without further approval from the landlord or additional charge.

Landlord	Tenant
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Date	Date

Copy to be sent to LearningRx Franchise Corporation

ATTACHMENT X
TO FRANCHISE AGREEMENT

SBA ADDENDUM FOR SBA LOAN APPLICANTS

THIS ADDENDUM (**Addendum**) is made and entered into on _____, 20____, by **LearningRx Franchise Corporation,** located at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 (Franchisor), and _____, located at _____ (**Franchisee**).

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "**Franchise Agreement"**). Franchisee is applying for a loan (**Loan**) from a lender in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the 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:

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

COVENANTS

If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (iii) SBA no longer has any interest in the Loan.

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

FRANCHISOR:	**FRANCHISEE:**
LearningRx Franchise Corporation	
By: _____	By:_____
Print Name:_____	Print Name: _____
Title: _____	Title: _____

AREA DEVELOPER AGREEMENT

EXHIBIT C

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EXHIBIT C
LEARNINGRX FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into **_____,** ("**Effective Date**") by and between **LearningRx Franchise Corporation,** a Colorado corporation, with a business address at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 ("**Franchisor**") and _____ with its address at _____ ("**Area Developer**").

RECITALS

WHEREAS, Franchisor holds the exclusive franchise rights to a proprietary system owned by Franchisor which has been developed through significant expenditures of time, skill, effort and money ("**System**") relating to the establishment, development and operation of a **LearningRx Training Center** ("**Center**") which specializes in providing on-premises learning enhancement, cognitive and math and reading training and courses using programs and products designed by LearningRx;

WHEREAS, the System features use of the Marks as defined below, a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Center, as well as uniform standards, specifications, methods, policies and procedures for store operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs, all of which may be changed, improved upon, and further developed from time to time by Franchisor;

WHEREAS, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and good will of its System and established a firm foundation for its franchised operations consisting of the highest standards of training, management, supervision, appearance, services and quality of products;

WHEREAS, the System is identified by means of certain trademarks, including the marks **LearningRx**, **ThinkRx**, **ReadRx**, **LiftOff**, **MathRx**, **ComprehendRx, BrainSkills** and such other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System ("**Marks**");

WHEREAS, LearningRx, Inc. has licensed and granted to Franchisor the exclusive right and license to sub-license and police the use of the System and the Marks;

WHEREAS, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System's high standards of quality and service;

WHEREAS, Area Developer desires to obtain the right to develop, construct, manage and operate a series of LearningRx Centers under the development schedule and within the territory described in **Schedule A** attached hereto ("**Development Schedule and Territory**"), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

WHEREAS, the Area Developer hereby acknowledges that it has read this Agreement and Franchisor's Disclosure Document ("**Disclosure Document**"), and that it has no knowledge of any representations about the Center or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

WHEREAS, Area Developer understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating the Centers in strict conformity with Franchisor's quality control standards and specifications.

NOW THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.01. Appointment. Franchisor hereby grants to Area Developer the right and license to develop, construct, operate and manage Centers in strict accordance with the System and under the Marks within the Development Schedule and Territory described in **Schedule A**. Each Center shall be operated according to the terms of the individual franchise agreement with respect thereto.

1.02. Territory. If the Area Developer complies with the terms of this Agreement, the Development Schedule and the individual franchise agreement for each Center, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Centers in the Development Territory during the term of this Agreement; however, Franchisor reserves the right to sell products and services, under the Marks or any other marks, through any other retail location, including kiosks, malls, airports, college campuses, at special events or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. Upon the expiration or termination of this Agreement, the Area Developer will no longer have a Development Territory and each Center will be limited to operation in its own territory described in the individual franchise agreement.

1.03. Governing Agreement. This Agreement is not a franchise agreement and Area Developer shall have no right to use, in any manner, the Marks or System by virtue of this Agreement. Each Center will be governed by the individual franchise agreement executed by Franchisor and Area Developer for each Center.

1.04. Investment. The Area Developer must contribute some amount of its personal capital to the development of each Center and must own at least a seventy percent (70%) equity

interest in each Center developed under this Agreement. Each of the Area Developer's general managers is strongly encouraged to own at least a ten (10%) equity interest in the Center that the general manager supervises.

1.05. Additional Requirements. As added requirements to open another Center as provided for in this Agreement:

A. Area Developer's current Center(s) each must have collected revenue of at least One hundred, thousand and 00/100 Dollars ($100,000.00) per quarter for the two (2) most recently completed quarters for each Center this franchisee operates;

B. Area Developer must have liquid assets greater than One hundred, fifty thousand and 00/100 Dollars ($150,000.00) per territory under seventy-five thousand (75,000) in population or greater than Two hundred, thousand and 00/100 Dollars ($200,000.00) per territory over seventy-five thousand (75,000) in population; and

C. Area Developer's current Center(s) must meet and be in full compliance with all minimal LearningRx operating standards and offer acceptable customer service.

2. TERM

2.01. Initial Term. Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of the number of months described in **Schedule A** from the Effective Date, or (b) completion of the term of the Development Schedule.

2.02. Renewal. Franchisor, in its sole discretion, may permit Area Developer to renew this Agreement for an additional term; provided that, without limiting the foregoing, the Area Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor, and the parties agree in writing to an extension of the Development Schedule.

3. FEES, TRAINING, FRANCHISE AGREEMENT

3.01. Fees. The Area Developer shall pay to Franchisor, on the Effective Date, a non-refundable development fee in the amount set forth in **Schedule A** ("**Area Development Fee**"). At the time Franchisee signs each franchise agreement to open a new Center under the terms of this Agreement, excluding the franchise agreement for the Area Developer's first Center, Franchisee will pay Franchisor a development franchise Fee ("**Development Franchise Fee**") equal to forty percent (40%) of the value of Franchisor's then-current initial franchise fee and initial training and materials fee. Franchisee must sign the then-current form of franchise agreement for each Center that Franchisee develops under this Agreement, the first of which must be signed at the time this Agreement is signed. The Area Development Fee is fully earned by Franchisor when Franchisee signs this Agreement and will not be refunded for any reason, even if Franchisee does not open any of the Center committed to be developed under this Agreement.

3.02. Training Program. The terms of the Franchise Agreement notwithstanding, Franchisor shall provide the Area Developer with Franchisor's then-current Training Program (as defined in the Franchise Agreement).

3.03. Franchise Agreement. Area Developer shall not commence construction on, or open any Center until, among other things, the entire Development Franchise Fee for said Center has been paid in full and the individual franchise agreement for such Center has been executed by both the Area Developer and Franchisor.

4. DEVELOPMENT

4.01. Development Schedule. Area Developer shall open and continuously operate the Centers in accordance with the System, and the Development Schedule set forth in **Schedule A**.

4.02. Excess Centers. In the event that Area Developer opens and operates a greater number of Centers than is required to comply with the current period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed to have been satisfied to the extent of such excess number of Centers. Area Developer will be permitted to open Centers in excess of the number of Centers set forth in the Development Schedule subject to the prior written approval of Franchisor if, in Franchisor's sole discretion, Franchisor determines that the Development Territory could support additional Centers.

4.03. Monthly Reports. Area Developer agrees that it shall provide to Franchisor a monthly report of its activities and progress in developing and establishing Centers as provided herein. The monthly reports shall be submitted no later than the fifth (5th) day following the end of the preceding month during the term of this Agreement.

4.04. Change in Development Territory. The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Area Developer's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Area Developer understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals in the Development Territory, Franchisor will expect the Area Developer to establish additional Centers within the Development Territory. While Franchisor will not require the Area Developer to establish such additional Centers, Franchisor will strongly encourage Area Developer to do so. Any additional Center shall be governed by Franchisor's then-current form of individual franchise agreement and Franchisor and Area Developer shall execute an addendum to this Agreement reflecting the change to the Development Schedule.

5. LOCATION OF CENTERS

5.01. Site Approval. With respect to each Center to be developed under this Agreement:

A. As soon as Area Developer locates a site within the Development Territory that it believes is suitable for construction of a Center, Area Developer shall submit to Franchisor such information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require from time to time. If Area Developer proposes that another entity will operate the Center, Area Developer must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the

proposed franchisee entity as it deems necessary, in its sole discretion, and Area Developer agrees to provide such information immediately upon request. Franchisor may approve or reject, in its sole discretion, any location submitted by Area Developer.

B. Should Franchisor approve of the site location per Section 5.1 above, it will give its written approval to the Area Developer to proceed with architectural drawings and final site plans, containing such information as Franchisor requires. The approval of the site location shall not constitute final approval of the site for the Center, or of the entity proposed as franchisee. Upon receipt of the site location approval, Area Developer should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

C. Should Franchisor provide final site approval and approve of the proposed franchisee entity for a Center, Franchisor and Area Developer (or its affiliate) shall promptly enter into an individual franchise agreement for such Center before the date Area Developer begins construction on the franchise location, which agreement shall be in the form of Franchisor's then-current form of franchise agreement. The terms of the individual franchise agreement will then govern the further development and build-out of the Center.

5.02. Center Location. The location of each Center shall be selected by the Area Developer, within the Development Territory, subject to Franchisor's prior approval as set forth in this Section 5, which approval shall take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Area Developer prior to approval of Franchisor shall be the sole risk and responsibility of Area Developer and shall not obligate Franchisor in any way to approve the same. The approval of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of such site for location of a Center.

6. DEFAULT & TERMINATION

6.01. Conditions for Default. Area Developer shall be in default under this Agreement should Area Developer:

A. fail to comply with the Development Schedule;

B. fail to perform any of its obligations under this Agreement or any individual franchise agreement;

C. cease to be a franchisee of Franchisor in good standing; or

D. fail to comply with the provisions on transfer contained in this Agreement.

6.02. Termination Rights. Upon such default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following:

A. terminate this Agreement;

B. terminate the territorial exclusivity granted to Area Developer;

C. reduce the size of the Area Developer's Development Territory or the number of Centers Area Developer may develop in the Development Territory; or

D. accelerate the Development Schedule on immediate written notice.

In addition, if any individual franchise agreement issued to Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Centers within the Development Territory. For purposes of this Section 6, any franchise agreement issued by Franchisor to Area Developer or its affiliates, or any Entity or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a franchise agreement issued to Area Developer.

7. ASSIGNMENT

7.01. By Franchisor. Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Area Developer.

7.02. By Area Developer. Area Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Area Developer and are granted in reliance upon the personal qualifications of Area Developer or Area Developer's principals. Area Developer has represented to Franchisor that Area Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

A. Neither Area Developer nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Area Developer. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

B. Any assignment, transfer or other disposition by the Area Developer of a single-unit Center within the Development Territory will be governed by the franchise agreement to which such single-unit Center is bound.

7.03. Assignment Procedure. Subject to the other provisions of this Section 7, if Area Developer wishes to sell, transfer any portion, or all, of the Development Territory, or this Agreement, the Area Developer shall notify Franchisor which may approve or disapprove the same in its sole discretion, and in addition Franchisor reserves the right to require any or all of the following as conditions of its approval:

A. All of the Area Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

B. The Area Developer must not be in default of any provision of its franchise agreements, any amendments thereof or successors thereto, or any other agreement between the Area Developer and Franchisor, its subsidiaries or affiliates;

C. The Area Developer and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

D. The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Area Developer's obligations under the relevant franchise agreements and, if deemed necessary by Franchisor, the transferee's principals, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

E. The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Centers (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Area Developers and shall have sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to operate the Centers;

F. At Franchisor's option, the transferee must execute or, upon Franchisor's request, shall cause all interested parties to execute, for a term ending on the expiration date of the franchise agreement(s) and with such renewal term as may be provided by the franchise agreement(s), the standard form of franchise agreement then being offered to new Area Developers and such other ancillary agreements as Franchisor may require for the Centers, which agreements shall supersede the franchise agreements between the Area Developer and Franchisor in all respects and the terms of which agreements may materially differ from the terms of the franchise agreements, including, without limitation, the implementation of other fees and different royalty rates;

7.04. Liability. The Area Developer and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Centers prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the franchise agreements and guaranty, and shall execute any and all instruments reasonably requested by Franchisor to further evidence such liability; and

7.05. Transfer Fee. No Transfer Fee is required if Franchisee transfers its Center to a corporation in which it is the majority stockholder, or if Franchisee transfers the Center to its child, parent, sibling, or spouse with Franchisor approval. The transferee must pay a Transfer Fee of

Five thousand and 00/100 Dollars ($5,000.00), if its Center is transferred to another LearningRx Franchisee. In all other cases, the transferee must pay a Transfer Fee of Ten thousand and 00/100 Dollars ($10,000.00) which includes the initial training at Franchisor's office, onsite training, advanced consultation training onsite/grand opening, and legal fees.

7.06. Right of First Refusal. If Area Developer or its principals shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in Area Developer, and Area Developer or its principals shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser, Area Developer shall notify Franchisor in writing of each such offer, and Franchisor has the right and option, exercisable within a period of thirty (30) days from the date of delivery of such offer, by written notice to Area Developer or its owners, to purchase the rights under this Agreement or such ownership interest for the price and on the terms and conditions contained in said purchaser's offer. If Franchisor does not exercise its right of first refusal, Area Developer or its principals may complete the sale of Area Developer or such ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section 7.6, provided that if such sale is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor or if there is a material change in the terms of the sale (which Area Developer shall promptly communicate to Franchisor), Franchisor shall again have the right of first refusal herein provided. In the event that the Area Developer wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Area Developer, said public offering shall be subject to the approval of Franchisor, such approval to not be unreasonably withheld.

7.07. Entity Ownership. If the Area Developer is a corporation, partnership, limited liability company, or any other form of business or association ("**Entity**"), each shareholder, member, manager, or partner ("**Controlling Person**") which is granted the rights to serve as the Area Developer hereunder shall be a party to a shareholders agreement, operating agreement, or partnership agreement which shall provide, among other things, that upon any dissolution of the Entity, or upon any divorce decree among the parties who are also Controlling Persons, that ownership of the shares, membership interest, or partnership interest shall be transferred to the Controlling Person for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, following any such dissolution or decree. The form and content of the shareholders agreement, operating agreement, or partnership agreement must be approved by Franchisor prior to execution.

8. CONFIDENTIALITY

8.01. Scope. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Area Developer any trade secrets, techniques, methods or processes except the material contained in Franchisor's Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable franchise agreement. Area Developer acknowledges that its knowledge of Franchisor's know-how, processes, techniques, information and other proprietary data are derived entirely from information disclosed to it by Franchisor and that such information is proprietary, confidential and a trade secret of Franchisor. Area Developer agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the term of this Agreement. Area Developer shall divulge such material

only to its employees and agents and only to the extent necessary to permit the efficient operation of the Centers. It is expressly agreed that the ownership of all such items and property is and shall remain vested solely in Franchisor.

8.02. Disclosure. The Area Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Area Developer may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor shall be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

9. COVENANTS NOT TO COMPETE

9.01. Competition During Term. Area Developer acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Area Developer covenants that during the term of this Agreement and subject to the post term provisions contained herein, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

A. Divert or attempt to divert any business or customer of the Centers to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or the System;

B. Employ or seek to employ any person who is at that time employed by Franchisor or by Area Developer or any other Area Developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

C. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Center.

During the term of this Agreement, this Covenant Not to Compete applies anywhere in the United States. For two (2) years after the termination, transfer, or expiration of this Agreement, for any reason, this Covenant Not to Compete applies: (a) within Area Developer's Development Territory; (b) within counties adjacent to the Development Territory or within a Development Territory then operated by or under development by Franchisor or another Area Developer of Franchisor; (c) within a fifty (50) mile radius from the boundary of Area Developer's Development Territory or from any other franchised or company-owned LearningRx Training Center, (d) on the Internet or (e) on any other Multi-Area Marketing channels used by Franchisor

9.02. Post-Term Competition. Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, for a continuous uninterrupted period

commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the Center and which is located within a radius of fifty (50) miles of the Development Territory hereunder or the location of any area developer, or any company-owned franchised Center under the System which is in existence on the date of expiration or termination of this Agreement. However, Sections 9.01 and 9.02 shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

9.03. Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 9.

9.04. Modification. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 9.01 and 9.02 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

9.05. Defenses. Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense the enforcement by Franchisor of the covenants in this Section 9. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 9 provided Franchisor prevails in any or all of its claims against Area Developer.

9.06. Irreparable Injury. Area Developer acknowledges that Area Developer's violation of the terms of this Section 9 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Area Developer in violation of the terms of this Section 9.

9.07. Additional Agreement. Area Developer shall obtain, from the individuals defined in the Franchise Agreement as "Franchisee Affiliates", the execution of a "CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT" from each such individual. A copy of the "CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT" is attached to the Franchise Agreement and is identified as Attachment VIII. Area Developer shall then immediately forward each such signed Agreement to Franchisor:

10. DISPUTE RESOLUTION

10.01. Arbitration. Franchisor shall have the right, but not the obligation, to enforce this Agreement by the judicial process (and not by arbitration): (1) to protect any of its rights regarding any of its trademarks or to protect any of its intellectual property; (2) to protect any security interest; and (3) and to pursue any rights it may have under any leases, subleases, sales, promissory notes, purchases, security agreements, covenants not to compete or other agreements with Franchisee. Except as provided above, all controversies, disputes or claims between the Franchisor, its officers, directors, shareholders, sales people, Area Developers, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their respective capacity) and the Franchisee (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any Licensed Method, shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted in Denver, Colorado, and by one arbitrator chosen by the parties and experienced in franchise law. If the parties are unable to agree to the selection of an arbitrator within ten business days of the date of any written demand for arbitration made hereunder. The parties shall each select one arbitrator and the two selected arbitrators shall select a single arbitrator to hear the matter. The parties consent to the use of the services of Judicial Arbitration Group, Inc. or its successor or the American Arbitration Association to administer the arbitration. The arbitration shall be conducted in accordance with the then -current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator will have the right to award any proper relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs.

10.02. Governing Law/Consent to Venue and Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Federal Arbitration Act, or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law. The Area Developer and the Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving the Area Developer, its officers, directors, managers or partners (collectively, "**Area Developer Affiliates**") and the Franchisor, its officers, directors or sales employees (collectively, "**Franchisor Affiliates**") the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Denver, Colorado or the Denver, Colorado office of the AAA and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Denver, Colorado or the Denver, Colorado office of the AAA. The Franchisor, the Franchisor Affiliates, the Area Developer and the Area Developer Affiliates each waive their rights to a trial by jury.

10.03. Injunctive Relief. Notwithstanding the above provision for arbitration, the Franchisor and the Area Developer will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Area Developer agrees that the Franchisor may obtain such injunctive relief, without posting a bond or

bonds in excess of a total of Five Hundred and 00/100 Dollars ($500.00), but upon due notice, and the Area Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Area Developer. Area Developer agrees that injunctive relief may be appropriate in the following situations including, but not limited to, using products outside the bounds of the franchise agreement, violating in-term and post-term non-competes, and trademark infringement.

10.04. Cumulative Rights. The rights and remedies of Franchisor and Area Developer hereunder are cumulative and no exercise or enforcement by either of them of any right or remedy hereunder shall preclude the exercise or enforcement by either of them of any other right or remedy hereunder which they are entitled by law and by the terms of this Agreement to enforce.

11. CONSTRUCTION, MODIFICATION, ENFORCEMENT

11.01. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and there are no other representations, warranties, or other agreements expressed or implied. This Agreement shall supersede all prior existing agreements between the parties concerning the subject matter of this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

11.02. Modification. This Agreement shall not be modified except by a written agreement signed by the parties hereto.

11.03. Conflict. Where this Agreement and any franchise agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern.

11.04. Force Majeure. In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days.

11.05. Sub-franchise. Under no circumstances do the parties intend that this Agreement be interpreted in such a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

11.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as otherwise set forth in Section 10, the state and federal court(s) located in Denver, Colorado will have exclusive jurisdiction for the purposes of carrying out this provision.

12. RELATIONSHIP OF PARTIES

12.01. Independent Contractor. It is acknowledged and agreed that Area Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having such authority.

12.02. Indemnification. Area Developer agrees to protect, defend, indemnify and hold Franchisor and its ownership harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder.

13. MISCELLANEOUS

13.01. Compliance with Applicable Laws. Area Developer shall develop all Centers in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations and agrees to promptly pay all financial obligations incurred in connection therewith.

13.02. System Modification. Franchisor may modify and update its Operations Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect its trademarks or trade name, or improve the quality of the products or services provided through the Centers and Area Developer shall exclusively incur the costs of any such change in the Center or the System which has been caused by such modification. In the event that any improvement or addition to the Operations Manual, the System or the Marks is developed by Area Developer and approved in writing by Franchisor, then Area Developer agrees to grant to Franchisor an irrevocable, world-wide, exclusive, royalty free license, with the right to sub-license such improvement or addition.

13.03. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13.04. Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercise Reasonable Business Judgment in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation,

enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

13.05. Notice. Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of such notice to Area Developer's address listed herein, or such changed address.

Notices to Franchisor:

LearningRx Franchise Corporation
5085 List Drive
Suite 200
Colorado Springs, Colorado 80919

Notices to Area Developer: as listed at the beginning of this Agreement.

14. ACKNOWLEDGEMENTS

14.01. Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all area development agreements or franchise agreements are or will be identical.

14.02. Area Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

14.03. Area Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Area Developer.

14.04. AREA DEVELOPER ACKNOWLEDGES RECEIPT OF THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FINANCIAL STATEMENTS AND OTHER CONTRACTS FOR THE CENTER AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO EXECUTION HEREOF OR PAYMENT OF ANY MONIES. AREA DEVELOPER ACKNOWLEDGES THAT THE SUCCESS OF THE AREA DEVELOPER IN MANAGING AND OPERATING MULTIPLE FRANCHISES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, AREA DEVELOPER'S INDEPENDENT BUSINESS ABILITY. AREA DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS PRIOR TO ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE

FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE CENTER RESTS SOLELY WITH AREA DEVELOPER. AREA DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE AREA DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR CANNOT EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER AREA DEVELOPER'S BUSINESS. AREA DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

LEARNINGRX FRANCHISE CORPORATION

By: _____
Dean Tenpas, President

AREA DEVELOPER:

By: _____

WITNESS _____

SCHEDULE A
AREA DEVELOPMENT AGREEMENT

The term of the Area Development Agreement is for _____months from _____.

The Number of Centers to be developed under the Area Development Agreement is _____.

The Area Development Fee payable to Franchisor upon execution of the Area Development Agreement is _____.

DESCRIPTION OF THE DEVELOPMENT TERRITORY

Territory	**Description**	**Population**

DEVELOPMENT SCHEDULE

The Minimal Development Schedule is as follows:

If the Area Developer fails to meet any twelve (12) month schedule then 6.2 of the Agreement will apply.

NUMBER OF MONTHS FROM DATE OF THIS AGREEMENT	**TOTAL NUMBER OF CENTERS OPEN FOR BUSINESS**
Twelve (12) months	
Twenty-four (24) months	
Thirty-six (36) months	

[Signature Page Follows]

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: _____:_____
Dean Tenpas, President

FRANCHISEE: _____

By:_____ :_____

SCHEDULE B
AREA DEVELOPMENT AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the "**Agreement**") dated _____, by and between **LearningRx Franchise Corporation**, a Colorado corporation, ("**Franchisor**") and _____ ("**Area Developer**"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Area Developer under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements executed by Area Developer in order to open and operate the Center, and the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Area Developer, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Area Developer and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Area Developer or whether the Area Developer is joined in any such action.

3. Franchisor shall not be obligated to inquire into the power or authority of the Area Developer or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Area Developer's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations, limited liability companies, or partnerships it shall be conclusively presumed that the Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations, limited liability companies, or partnerships and that such corporations, limited liability companies, or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the

indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Area Developer and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7, If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____day of _____, 20___.

_____	_____
Signature	Signature
_____	_____
[Printed Name]	[Printed Name]
_____	_____
_____	_____
_____	_____
Home Address	Home Address
_____	_____
Home Telephone	Home Telephone
_____	_____
Business Telephone	Business Telephone
_____	_____
Date	Date
_____	_____
Signature	Signature
_____	_____
[Printed Name]	[Printed Name]
_____	_____
_____	_____
_____	_____
Home Address	Home Address
_____	_____
Home Telephone	Home Telephone
_____	_____
Business Telephone	Business Telephone
_____	_____
Date	Date

LIST OF STATE ADMINISTRATORS & AGENTS FOR SERVICE OF PROCESS

EXHIBIT D

EXHIBIT D
LEARNINGRX FRANCHISE CORPORATION
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection & Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl. New York, NY 10005 212-416-8285	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

MULTI STATE ADDENDUM

EXHIBIT E

EXHIBIT E
LEARNINGRX FRANCHISE CORPORATION

MULTI STATE ADDENDUM

The following modifications are to the LearningRx Franchise Corporation Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and Area Development Agreement.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

2. Neither the franchisor, nor any person or franchise broker in Item 2 of the FDD 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 such persons from membership in such association or exchange.

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

4. 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.)

5. 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.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur in Colorado with the costs being borne by both parties.

8. 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 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.

9. The franchise agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §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).

12. The earnings claims figures do not reflect all the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs

and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

13. The highest interest rate permitted by law in California is ten percent (10%).

14. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The following list reflects the status of the Franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:
   California, Illinois, Indiana, Maryland, Minnesota, Virginia and Wisconsin
2. This proposed registration is or will shortly be on file in the following states:
   Hawaii, Michigan, New York and Washington
3. States which have refused, by order or otherwise, to register these Franchises are:
   None
4. States which have revoked or suspended the right to offer the Franchises are:
   None
5. States in which the proposed registration of these Franchises has been withdrawn are:
   None

ILLINOIS

Item 17(v) of the Franchise Disclosure Document, Section 16.02 of the Franchise Agreement and Section 11.06 of the Area Development Agreement are amended to state that any provision that designates jurisdiction or venue in a forum outside the State of Illinois will not be enforceable and is amended to the extent required by Illinois law.

Item 17(v)(w) of the Franchise Disclosure Document, Section 16.02 of the Franchise Agreement and Section 11.06 Area Development Agreement are amended to state that "The governing law or choice of law clause that allows for jurisdiction or venue other than Illinois will not be enforceable under Illinois law and that Illinois law shall govern the Agreements. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 705(41) of the Illinois Franchise Disclosure Act states any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State 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 for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) 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 the Act, or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. Item 17(b) and (k) of the Franchise Disclosure Document, Sections 3 and 14 of the Franchise Agreement and Sections 2 and 7.02 of the Area Development Agreement are amended accordingly.

The conditions under which a franchise can be terminated and your rights upon nonrenewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

INDIANA

It is unlawful for any franchise agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the territory granted in the franchise agreement or, if no territory is granted, in an area of more than reasonable size, upon termination of a franchise agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, Item 17 (s) of the franchise disclosure document, Section 15.1 of the Franchise Agreement and Section 11.02 of the Area Developer Agreement are amended accordingly.

Item 17 (v) of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit the place where arbitration will occur.

Item 17 (x) of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit any reference to selection of an out-of-Indiana choice of law.

Item 17(w) of the Franchise Disclosure Document, Sections 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The franchise agreement requires you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. Item 17(b)(k) of the Franchise Disclosure Document, Sections 3 and 14 of the Franchise Agreement and Section 2 and 7.02 of the Area Developer Agreement are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

MARYLAND

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.). Item 17(h) of the Franchise Disclosure Document, Section 5.09 of the Franchise Agreement and Section 6.01 of the Area Developer Agreement are amended to add this provision.

Item 17(m) of the Franchise Disclosure Document, Section 14.04(b) of the Franchise Agreement and Section 7.03 of the Area Developer Agreement are amended to state that the general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(u)(v)(w) of the Franchise Disclosure Document, Sections 16.03 and 16.07 of the Franchise Agreement and Sections 10.01 & 10.02 of the Area Developer Agreement are amended to state; A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17(u) of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 10.01 of the Area Developer Agreement are amended to state: Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 19 and Attachment VII of the Franchise Agreement and Section 14 of the Area Developer Agreement are amended to state: All representations requiring prospective franchisees to assent to a release, estoppels 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and Development Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us 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 you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us 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 our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.

ESCROW REQUIREMENTS (IF ANY): _____

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

MINNESOTA

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given ninety (90) days' notice of termination (with 60 days to cure) and one hundred, eighty (180) days' notice for non-renewal of the Franchise Agreement and Area Developer 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 franchise disclosure document, Franchise Agreement or Area Developer 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 franchise disclosure document, Franchise Agreement and Area Developer 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 franchise disclosure document, Franchise Agreement and Area Developer 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 Item 13 of the franchise disclosure document and sections in the Franchise Agreement and Area Developer Agreement 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.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extend required by law, the Franchise Agreement, Area Developer Agreement and Item 17 of the franchise disclosure document are amended to state that no action may be commenced pursuant to this section more than three years after the cause of action accrues.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page:

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

Add to ITEM 3 of the Franchise Disclosure Document as follows, as the last paragraph:

(A) Except as described above, neither we, our predecessors, a person identified in ITEM 2 nor an affiliate offering franchises under our principal trademark 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 the franchise system or its business operations.

(B) Except as described above, neither we, our predecessors, a person identified in ITEM 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten (10) year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

(C) Except as described above, neither we, our predecessor, a person identified in ITEM 2, nor an affiliate offering franchises under our principal trademark 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 such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Add the following language to ITEM 4 of the Franchise Disclosure Document, the last paragraph:

A. Except as described above, neither we, our affiliates, predecessors nor officers during the ten (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 one (1) year after the officer or general partner held this position in the company or partnership.

Add at the end of the first paragraph of ITEM 5 of the Disclosure Document:

The purpose of the initial fee is to pay for our training, sales, legal compliance, salary, and general administrative expenses, and profit.

The first paragraph of ITEM 17 of the Disclosure Document is modified to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Add in Item 17d of the Disclosure Document:

You may terminate the agreement on any grounds available by law.

Add at the end of the choice of law clause in the Franchise Agreement and in of the Disclosure Document:

The foregoing choice of law should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

The following is added to the Receipt Page:

New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

NORTH DAKOTA

Item 17 (c) & (m) franchise disclosure document, Section 1.02 of the Franchise Agreement and Section 7.03 of the Area Developer Agreement requiring you to sign a general release upon renewal of the franchise 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.

Item 17(i) of the franchise disclosure document, Section 16.02 of the Franchise Agreement and Section 9.02 of the Area Developer 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, and are amended accordingly to the extent required by law.

Item 17(r) of the franchise disclosure document, Section 16.02 of the Franchise Agreement and Section 9.02 of the Area Developer Agreement restricting competition are generally considered unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(u) of the franchise disclosure document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement requiring 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. The site of arbitration or mediation must be agreeable to all parties.

Item 17(w) of the franchise disclosure document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer 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.

Item 17 of the franchise disclosure document, Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer requiring you to consent to a waiver of trial by jury 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.

Item 17 of the franchise disclosure document, Sections 17 and 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement requiring the franchisee to consent to a waiver of exemplary and punitive damages 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.

Item 17 of the franchise disclosure document, Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement requiring the franchisee to consent to a limitation of claims within one year 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.

Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement, which 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. The prevailing party in any enforcement action is entitled to recover costs and expenses including attorney's fees.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

OHIO

The following language will be added to the front page of the Franchise Agreement:

READ THIS CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any other business opportunity plan. If you have any questions about this plan, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to LearningRx Franchise Corporation at 5085 List Drive, Suite 200, Colorado Springs, CO 80919, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 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." Item 17 (u), (v), (w) of the franchise disclosure Document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended accordingly to the extent required by law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for LearningRx Franchise Corporation for use in the Commonwealth of Virginia shall be amended as follows:

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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

WASHINGTON FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND AREA DEVELOPER AGREEMENT ADDENDUM

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

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Franchisor	Franchisee

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated _____, 20__, and/or the Area Developer Agreement dated _____, 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 such state law remains in effect.

DATED this _____ day of _____, 20__.

FRANCHISOR:

LEARNINGRX FRANCHISE CORPORATION

By:_____
Title:_____

FRANCHISEE

_____

By:_____
Title:_____

By:_____
Title:_____

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F

EXHIBIT F
LEARNINGRX FRANCHISE CORPORATION

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION		NUMBER OF PAGES
I.	Foundations	22
II.	Success and Planning	36
III.	Getting Started	42
IV.	Policies & Requirements	78
V.	Hiring and Managing Staff	22
VI.	Training	136
VII.	Remote Services	66
VIII.	Phones	13
IX.	Assessments	35
X.	Client Care	58
XI.	Consultations	24
XII.	Marketing	103
XIII.	QuickBooks Online	35
XIV.	Technology	30
Total Pages		700

Note: All page numbers are approximations, as the LearningRx Operations Manual is offered in digital format only. The page numbers above are estimations if the Operations Manual were to be printed from the digital version.

GENERAL RELEASE

EXHIBIT G

EXHIBIT G

GENERAL RELEASE

This GENERAL RELEASE is made and executed by the undersigned as of the date below (the "Effective Date").

WHEREAS, LEARNINGRX FRANCHISE CORPORATION, a Colorado corporation, ("Franchisor") and _____ (the "undersigned Franchisee") entered into a franchise agreement dated _____, and this General Release is made and executed by the undersigned Franchisee in connection with the undersigned's entry into a renewal franchise agreement for a renewal term pursuant to Section 3 of the franchise agreement.

NOW, THEREFORE, in consideration of the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned Franchisee agrees and covenants as follows:

1. The undersigned Franchisee and its shareholders, officers, and directors (collectively "Releasor") does hereby release and forever discharge Franchisor, its successors, agents, assigns, officers, directors, shareholders, employees, representatives, and any and all other persons, firms and corporations whatsoever (collectively "Releasees"), from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, breach of contract, defamation, and any claims whatsoever which the Releasor ever had, now has or hereinafter can, will or may have, for on or by reason of any matter, cause or thing whatsoever, through the Effective Date. This Full, Final and Absolute Release (the "Release") shall apply to all agreements or contracts heretofore existing or entered into by and between the undersigned Franchisee and Franchisor prior to or as of the Effective Date.

2. It is understood and agreed that the settlement evidenced by this Release is a compromise of all claims herein specified, whether past, present or future, that such claims are doubtful and disputed, and that execution of this Release is not to be construed as an admission of liability on the part of any party. Rather, liability is expressly denied.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. No representations as to damages or liability have been made. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the Releasor's claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned Franchisee never to sue any of the Releasees on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all prior negotiations or proposed agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital. Since the purpose of this Release is to end this matter forever, should it develop that there are any errors, mistakes or any omissions in this instrument, whether legal or factual and whether mutual or unilateral, which would cause the release of the parties herein released to be defective or less than complete, then the undersigned Franchisee will sign any and all documents and do any and all things necessary to effectuate a full, final and absolute release of said party.

5. The undersigned Franchisee further states that it have carefully read the foregoing instrument; that it knows the contents thereof; that it understands and agrees to each and every term and condition contained herein; that it signed the same as its own free act and deed; and that it has not assigned any rights released hereunder to any person or organization, private or governmental.

6. The terms of this Release arose from negotiations and discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

7. This Release shall be governed by and construed pursuant to the laws of the State of Colorado.

8. This Release may be executed in two copies, each of which shall be deemed an original.

9. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

10. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

WITNESS OUR SIGNATURES, this the ____ day of _____, 20____.

LearningRx Franchise Corp.

_____
By

_____
Title

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

_____
Franchisee

_____
By

_____
Title

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

FRANCHISEE APPLICANT DEPOSIT AGREEMENT

EXHIBIT H

LEARNINGRX
FRANCHISEE APPLICANT DEPOSIT AGREEMENT

This FRANCHISEE APPLICANT DEPOSIT AGREEMENT is made as of _____ _____ (**"Effective Date"**) by and among LearningRx Franchise Corporation, a Colorado corporation (**"Franchisor"**) and _____, a/an _____, corporation / limited liability company ("**Franchisee Applicant**"). Franchisor and Franchisee Applicant are collectively referred to herein as the "**Parties**" and each individually as a "**Party**."

RECITALS

WHEREAS, Franchisee Applicant desires to be engaged in the operation of a LearningRx business using Franchisor's proprietary marks and system ("**Franchised Business**"), pursuant to the current LearningRx franchise disclosure document, dated _____ ("**FDD**"), which Franchisee Applicant confirms it received on _____;

WHEREAS, Franchisor is currently offering franchises within Franchisee Applicant's confirmed area of interest; and

WHEREAS, Franchisee Applicant has submitted the required paperwork to Franchisor to begin the franchise application process.

AGREEMENT

NOW, THEREFORE in consideration of the mutual covenants and agreements of the Parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Reserve Territory / Selection Site. The Parties agree that, while going through the application process and for a timeframe of no more than ninety (90) days, Franchisee Applicant wishes to reserve the following area (the "**Reserved Territory**"):

_____

_____

_____

The Reserved Territory shall be further defined in accordance with the guidelines defined in the FDD, once an application is approved and a franchise agreement executed.

2. Deposit Amount. To hold the Reserved Territory during the application process, Franchisee Applicant agrees to submit to Franchisor the total amount of _____ ("**Deposit**"), which represents twenty-five (25%) of the total initial franchise fee of _____ _____ ("**Initial Franchise Fee**"). The Initial Franchise Fee is determined as follows:

_____

3. Denial of Applicant by Franchisor. If Franchisee Applicant's application is denied, Franchisor will refund the entire deposit amount to Franchisee Applicant within five (5) business days of Franchisor's notice of denial.

4. Approval of Application by Franchisor. If Franchisee Applicant's application is approved, and Franchisee Applicant notifies Franchisor in writing of Franchisee Applicant's election to not enter into the franchise agreement within twenty-four (24) hours following Franchisor's notification to Franchisee Applicant that the application has been approved, Franchisor will refund to Franchisee Applicant the entire Deposit Amount in accordance with Section 3 above. If the Franchisee Applicant's application is approved and Franchisee Applicant enters into a LearningRx franchise agreement the Deposit Amount will be applied to the payment of the total Initial Franchise Fee due at the time of execution of the franchise agreement, as defined in Section 2.

5. Forfeiture of Deposit. If the application is approved and Franchisee Applicant (i) fails to notify Franchisor in writing of Franchisee Applicant's election to not enter into a LearningRx franchise agreement within the above-noted twenty-four (24) hour timeframe, and (ii) does not enter into a LearningRx franchise agreement, the entire deposit amount paid by Franchisee Applicant will be retained by Franchisor. If there is inconsistency between the terms of this Deposit Agreement and the LearningRx franchise agreement that is signed by the parties, the terms of the franchise agreement will control.

Franchisor and Franchisee Applicant agree that Franchisor's agreement to remove the Reserved Territory from Franchisor's available territories and Franchisee Applicant's failure to timely notify Franchisor of Franchisee Applicant's election to not enter into a LearningRx franchise agreement and/or Franchisee Applicant's failure to timely enter into a LearningRx franchise agreement, as set forth above, will cause Franchisor to incur costs that are difficult and impracticable to fix. Such costs include, without limitation, lost royalties for the Territory, as well as marketing, advertising, office overhead and other costs incurred by Franchisor in obtaining other franchisees for the Territory. Franchisor and Franchisee Applicant agree that Franchisor's retention of the Deposit Amount, in such instance, is not a penalty, but represents a fair and reasonable estimate of the costs that Franchisor will incur as a result of Franchisee Applicant's failure to timely enter into a LearningRx franchise agreement.

6. Confidentiality. During the Evaluation Period, certain confidential information about Franchisor and its system will be disclosed or otherwise made known to Franchisee Applicant ("Confidential Information"). Franchisee Applicant agrees to respect and maintain the confidential nature of such Confidential Information, and not in any way disclose the Confidential Information to anyone else, nor in any way use the Confidential Information in the operation of any business (excluding a Franchised Business operated pursuant to a franchise agreement). It is agreed that Franchisee Applicant's obligations under this Section 6 shall not expire upon termination of this Agreement.

7. No Franchise Rights. This Agreement is not a franchise and does not grant Franchisee Applicant any right whatsoever to use the LearningRx marks and/or system which rights can only be granted under a LearningRx franchise agreement entered into by Franchisee

Applicant and LearningRx Franchise Corporation. Franchisee Applicant shall not use the "LearningRx" marks or system nor shall Franchisee Applicant make any representation or commitment on LearningRx Franchise Corporation's behalf.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

FRANCHISOR	**FRANCHISEE APPLICANT**
By: (Signer for Franchisor) (Position) of LearningRx Franchise Corporation	By: (Franchisee Applicant Rep.) (Position in Entity) of (Entity Name)

STATE EFFECTIVE DATES & RECEIPTS

EXHIBIT I

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
CALIFORNIA	
HAWAII	
ILLINOIS	
INDIANA	
MARYLAND	
MICHIGAN	
MINNESOTA	
NEW YORK	
NORTH DAKOTA	
RHODE ISLAND	
SOUTH DAKOTA	
VIRGINIA	
WASHINGTON	Pending
WISCONSIN	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT (Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LearningRx Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

In the States of New York and Rhode Island, the delivery of the Disclosure Document is to be received 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 to us or an affiliate in connection with the proposed franchise sale.

Michigan requires the delivery of the Disclosure Document at least 10 business days before the execution of the franchise or other agreement, or the payment of any consideration, whichever comes first.

If LearningRx Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on EXHIBIT D.

The franchise sellers for this offering are:

☐ Kim Hanson, CEO, LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, CO 80819; and 719-264-8808.

☐ Dean Tenpas, President, LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, CO 80819; and 719-264-8808.

☐ _____

☐ _____

Issuance Date: December 22, 2022

See EXHIBIT D for our registered agents authorized to receive service of process.

I have received a disclosure document dated December 22, 2022 that included the following Exhibits:

A	Financial Statements
B	Franchise Agreement
C	Area Developer Agreement
D	State Administrators and Agents for Service of Process
E	Multi State Addendum to the Franchise Disclosure Document, Franchise Agreement and Area Developer Agreement.
F	Operations Manual Table of Contents
G	General Release
H	Franchisee Applicant Deposit Agreement
I	State Effective Dates & Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

RECEIPT 1 - YOUR COPY

RECEIPT (Our Copy)

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F	Operations Manual Table of Contents
G	General Release
H	Franchisee Applicant Deposit Agreement
I	State Effective Dates & Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name