FRANCHISE DISCLOSURE DOCUMENT

TKH Franchising, Inc., a California corporation
553 Pilgrim Drive Suite D, Foster City, California 94404
(650) 638-0505
www.TechKnowHow.com; – bmancini@techknowhow.com

The franchise is a mobile business named "TechKnowHow®" that conducts after school and/or summer camp programs featuring science and technology projects that teach engineering skills, creative design and robotics for children and teens. The business uses proprietary curriculum to teach children and teens to create, design and build projects using LEGO® products with motors, and/or advanced gaming, electronic or robotic projects using computers, circuits and LEGO® products. The activities are onsite at schools, community centers or other approved venues. The total investment necessary to begin operation of a TechKnowHow® franchise is $34,950 to $73,600. This includes $27,750 to $38,600 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read the disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or any 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:

Bob Mancini, President
TKH Franchising, Inc.
553 Pilgrim Drive Suite D
Foster City, California 94404
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(650) 638-0505

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 10, 2017.

Lego® is a registered trademark of the LEGO Group of Companies, which does not sponsor, authorize or endorse this franchise.

STATE COVER PAGE

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

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

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

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

1) THE FRANCHISE AGREEMENT REQUIRES YOU TO ARBITRATE ONLY IN CALIFORNIA. FOR A FRANCHISEE LOCATED OUTSIDE CALIFORNIA, OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2) THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND FOR A FRANCHISEE LOCATED OUTSIDE CALIFORNIA, THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LAWS IN YOUR STATE. YOU MAY WANT TO COMPARE THESE LAWS.

3) YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

4) THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Additional RISK FACTORS required by the State of Washington:

1) THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING FOR ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

2) THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

We may use the services of one or more Franchise Brokers or referral sources to assist us in selling our franchise. A Franchise Broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise. We currently do not engage the services of franchise brokers.

Effective Dates: See the Next Page for State Effective Dates

STATE EFFECTIVE DATES

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

State	Effective Date
California	
Washington	

* N/A means we have not applied to register to offer and sell franchises in these states.

This Franchise Disclosure Document is not required to be registered in the following states, but an exemption has been filed as required by the state's business opportunity laws and the Disclosure Document is effective as of the date specified below:

Connecticut	February 14, 2013
Kentucky	October 9, 2012
Nebraska	November 5, 2012
South Carolina	February 11, 2013
Texas	October 1, 2012

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

Terminology.

In this Franchise Disclosure Document, "we", "us", "our", "TKH" or "Franchisor" means TKH Franchising, Inc. We refer to the person or entity who buys the Franchise as 'you,' 'your,' or 'Franchisee,' in this Disclosure Document. If you are a corporation or limited liability Company or other entity, "you" refers collectively to all persons who own an interest in the entity. Any entity such as corporations, partnerships, limited liability companies or other type of entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners".

The Company, Our Predecessors and Affiliates.

We are a California corporation, incorporated on February 29, 2012. We do business under the name "TKH Franchising, Inc." We may also use the name "TechKnowHow" or "TechKnowHow Kids". Our business address is 553 Pilgrim Drive Suite D, Foster City, California 94404. We have offered franchises for the operation of a business known as "TechKnowHow®" since September 12, 2012 (the "Business" or "Franchise"). The business offers engineering and technology project-based programs onsite, within a protected territory. This is the first time TKH has offered franchises of the type described in this Disclosure Document and TKH has never offered franchises in any other business. Our agents for service of process are disclosed in Exhibit B.

We do not currently operate a TechKnowHow franchise. Our affiliate, TKH, Inc., a California corporation (TKH1) operates a business that offers similar services to a TechKnowHow® franchised business. The following is a list of TKH's predecessors and affiliates including addresses and number of locations for each.

Bob Mancini began operations on December 15, 1994 as a sole proprietor and reorganized to form our affiliate TKH1 on January 22, 2003 (into which the sole proprietorship business was transferred). TKH1 shares the same address as us and operates a business substantially similar to the franchise business being offered by us. We and TKH1 are independent entities and TKH1 does not assume any of our legal or other obligations, or us of theirs.

Our Business and the Franchises Offered in this State:

TechKnowHow® is a system developed to offer after school programs, summer camps and special event programs (such as in-school workshops, weekend programs and birthday parties) for children and teens, featuring interactive instruction teaching technology and engineering skills. All programs are themed using our proprietary curriculum ("Curriculum") and are geared toward applying science principals to create, design and build technology-based projects. A TechKnowHow® franchise is home-based and will offer supervised activities onsite that include, but are not limited to: Building structures, vehicles and using LEGO® products including motors, gears and battery packs; Designing robots and programs to run them using LEGO® products; Designing 2D and 3D games for computers and mobile devices; Teaching programming through game design, art and animation projects; Teaching electronics through projects which use circuit components and performing science demonstrations to complement our Curriculum. TechKnowHow® encourages intellectual growth along with the development of technical, problem-solving and teambuilding skills. A Franchisee may also offer: daytime programs for pre-school age children, fundraising programs, scouting workshops, sale of LEGO® products, LEGO® building contests, community building projects and other types of technology and science related products, programs and services approved by us.

Competition includes national and local student education and enrichment programs operated by national chains, local chains, independent operators and private schools, not-for-profit organizations and other related businesses offering similar services to those found in a TechKnowHow® business. Interactive education programs geared for children and teens are becoming highly competitive throughout the United States as the market is

growing, changing and evolving. This may be a seasonal business depending on how many after school programs and summer camp programs you offer.

The TechKnowHow® business is characterized by the number of after school, summer camp and special event technology-based programs we offer, our Curriculum, teaching methods and strategies, operational procedures, product specifications, cost controls, strategies for purchasing computers, software and products; relationship with vendors and suppliers, a distinctive regional franchise website that features online registration functionality housed within our national website along with its design, dress, decor and color scheme; procedures for hiring instructors, training and ongoing operational assistance; proactive marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor periodically (the 'System').

Your own efforts and skills are necessary, but do not assure any particular results. There can be no assurance of any measure of success, as there exist both typical and special business risk factors. These include: changing market conditions, competition, cost of supplies, new technologies, climate, real estate market, capital, labor, your own health, continuity of your management, continuation of sources of supply, availability of financing, recession or depression locally or nationally, wars, strikes, acts of terrorism, emergencies whether natural or manmade, litigation, liability and casualty losses.

Some other risks that may affect your business include but are not limited to: industry developments, pricing policies of competitors, availability of locations to hold programs, your ability to negotiate locations, the number of programs you offer, state licensing or bonding requirements, supply and demand; and your dependence on key personnel, the loss of whom could hurt your Business. The purchase of a TechKnowHow® franchise is speculative, and a significant investment beyond that outlined in this Disclosure Document may be required. There is no guarantee of any measure of success and important factors in the results of a TechKnowHow® Franchise, including yours, are your personal business, marketing, management, judgment, other skills and your willingness to work hard and diligently to follow our System.

Laws and Regulations:

In addition to laws and regulations that apply to businesses generally, currently there are no specific federal regulations governing business that offer onsite student enrichment programs. However, your state, province, county, school district, school or other public authority may require that you be "cleared" to offer after school programs in the public school system. This may require completing specific forms, background checks and fingerprinting. There may be local codes, ordinances, statutes or laws which license or regulate providing onsite enrichment programs. These laws vary from place to place and may also include bonding and registration requirements. You must know such laws and regulations in your locality and must make sure you and all your employees who work in your Business comply with any such laws and regulations and obtain any licenses, certifications or permits required to perform services. You should consider both their effect on your business and the cost of compliance. Although we monitor legal requirements that affect franchisees and we make our information available to you, for various reasons (number of potential state and local issues, frequency of our monitoring, as examples) we cannot guarantee our information will be complete, current and accurate. Therefore, we recommend that before signing the franchise agreement, you engage an attorney or other professional advisor to assist you in determining what laws, ordinances and regulations may affect your establishment or operation of a TechKnowHow® business, and in complying with them. You are responsible to obtain all certifications, licenses and permits required in your locality. In addition to completing our training program, you and your manager or supervisor, approved by us, if you plan to hire a manager or supervisor to manage the business or instruct any sessions, are encouraged (but not required) to be CPR and First Aid certified.

Your business may be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, teenage labor practices, disabled employees and discrimination in employment practices. You may be subject to the Americans with Disabilities Act and/or the California Fair Employment and Housing Act which prohibit practices that discriminate against individuals with disabilities. There may be other laws and codes applicable to

your business. We urge you to make further inquiries about those laws and codes.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws in addition to obtaining and keeping in force all necessary certifications, licenses and permits required by public authorities, since they vary from place to place and can change over time. We recommend that you consult your attorney for an understanding of all the laws applicable to your specific TechKnowHow® business.

We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

Item 2
BUSINESS EXPERIENCE

Founder and President/CEO, Member of Board of Directors: Bob Mancini. Bob is the creator and founder of the TechKnowHow® business model and system that he established in December 1994. Bob has been our President and CEO and the sole member of our Board of Directors since our inception February 29, 2012. From December 1994 to the present he served as President of our affiliate TechKnowHow, Inc., in Foster City, California. He developed or approved curriculum, procedures, policies and operational guidelines for TechKnowHow®. Bob has executive level marketing, business development and curriculum design experience.

Director of Programs and Marketing: Sue Mofsie-Stevenson. Sue has been with us since inception overseeing the development and execution of our programs. Sue is a Director for our affiliate, TechKnowHow, in Foster City, California, where she has worked since May 2002, and is responsible for hiring and training new staff, marketing and advertising programs, website development, and ongoing customer service. Sue oversees the development of new programs, creates and manages marketing campaigns, assists with franchisee training and provides operational support and assistance to franchisees.

Item 3
LITIGATION

No litigation is required to be disclosed in this Franchise Disclosure Document.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Franchise Disclosure Document.

Item 5
INITIAL FEES

1. Initial Franchise Fee. The Initial Franchise Fee for a single franchise is $20,000 for a protected area. You pay this to us in a lump sum when you sign the Franchise Agreement.

When you sign your Franchise Agreement you may purchase additional franchises for $10,000 each.

The Initial Franchise Fee is fully earned on receipt and nonrefundable. If, during initial training we believe you are not qualified to operate a TechKnowHow® business, we will terminate your Franchise and refund your Initial Franchise fee, minus our expenses, without interest. This refund does not apply to the Option Agreement payment. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or deposit them into escrow until we have met our initial obligations to you; see state addenda in Exhibit D.

We may offer you an option to be awarded a TechKnowHow® Franchise, on the terms in the Option

Agreement Exhibit F. Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business within your designated territory. For the option, you pay us a lump sum fee of $5,000 that will be credited toward (i) the Initial Franchise Fee if you exercise the option to purchase an initial franchise during the six months option term or (ii) the franchise fee for an additional franchise if you exercise your option to buy an additional franchise during the six month option term following the purchase of the option to buy an additional franchise. The Option Fee is deemed fully earned on receipt and is not refundable. The Option Fee is payable in full when you sign the Franchise Agreement or Option Agreement, as applicable, except as provided in Item 11.

2. Other Initial Fees. Before you open your business you must purchase from us, our affiliates or approved vendors, inventory and supplies we designate. Whether the purchase is refundable depends on the terms of the invoice or purchase agreement with suppliers. You must purchase from us or approved vendors marketing and promotion materials. Marketing and promotion expenses are not refundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalties	6% of your monthly Gross Revenue or a minimum of $200 (whichever is greater) starting when you complete our initial training program.	Due by the 10th day of each month for the previous month.	See Note 1 for definition of "Gross Revenue".
System Advertising	1% of Monthly Gross Revenue per month starting when you complete our initial training program.	Due by the 10th day of each month for the previous month.	We may increase this fee on 90 days' notice, however, your total contribution will not exceed 3% of Gross Revenue in any calendar year. See Note 2 & Item 11.
Advertising Local	Minimum of $350 per calendar month or $2,100 every six months after opening except during first three months after opening you must spend at least $1,800 for Grand Opening.	Spent by you to promote your Franchise business locally.	See Item 11.
Interest and Late Charges	1.5% per month, plus $25.	When billed.	See Note 3.
Renting Space	$0-$500 per week for renting space to perform programs.	Monthly.	Payable to third parties. Amounts may vary depending on your geographic area.
Commission Fee	0%-40% of fees for each registered student.	Monthly or depending on the terms you negotiate.	Payable to owner of the space you use to perform programs. You negotiate the commission rate with each location, based on amount of revenue you earn from the registration fee from each student. See Note 4.
Additional Training	$300 per person per day or costs of third party charges.	When training is scheduled and/or additional assistance is requested by you.	The initial Franchise Fee includes the cost of our initial training program but only for up to three individuals. See Item 11. Additionally this fee is applicable on an approved transfer of the Franchise.

Type of Fee	Amount	Due Date	Remarks
Additional Program Costs	Costs vary depending on the new program or updated curriculum you offer.	As Incurred.	We provide you new programs and updated curriculum at no additional cost to you. You are responsible to purchase whatever products and supplies are needed to run the new or updated programs.
Transfer Fee	Flat $5,000 fee for each Franchise. If transferee came from our lead database, you may also be required to pay our then-current referral fee to us plus any costs associated with applicable broker fees. A typical referral fee is 30 to 50% of the initial franchise fee. This is subject to change.	When the transferee signs the Franchise Agreement, then in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred.
Cost, Expense and Damages Reimbursements	Will vary.	As Incurred.	You reimburse/pay our costs, expenses and/or damages if or for: inspections if we determine your operations or product samples don't meet our standards/specs; you don't provide satisfactory customer service or resolve complaints or you violate operating standards or the Franchise Agreement and we complete the services; or you do not comply with Franchise Agreement or System and we have costs for programs to verify customer satisfaction or your compliance; we manage your business, pending assignment on your death or disability; we help locate a buyer; or we have attorneys' fees/court costs for injunctive relief or to enforce Franchise Agreement; or Agreement is terminated before expiration date.
Audit Expenses	Cost of Audit Fees, expenses relating to the inspection or audit, and interest at18% per year up to the maximum interest rate allowed by law.	Ten days after receipt of audit report.	Payable to us if you understate Gross Revenue by 2% or more. We expect the cost to be between $2,500- $5,000. The cost may be greater if your books are not well kept.
Indemnification	Will vary under circumstances.	On Demand.	You must reimburse us for losses we suffer from the operation of your business. See Note 4.
Online Registration Fees	Currently 4% of all online student registration revenue is paid to the third party organization which oversees the online registration system. This includes a credit card processing fee charged to them by credit card companies. In addition, the company charges $400 per year for ongoing support and maintenance of the online registration system.	Monthly.	Payable to us, our affiliates and/or our approved vendors. Note 5.
Renewal Fee	$2,500 for each Franchise.	At the time of the five year renewal period for each Franchise.	For the same protected area but other terms may change.

Type of Fee	Amount	Due Date	Remarks
Renovation and Maintenance	$0-$300 estimated cost per year or up to $900 every third year to maintain and renovate your Business as necessary.	As Incurred.	We may require you to renovate your business every third year.
Conference Fee	Conference fee, travel, transportation, lodging, meals and incidental expenses in addition to compensation of people you send to any conferences. Amount will vary. There will be a registration fee, which we will try to limit to our cost, but will not exceed $500.	As Incurred.	Payable to Third Parties and us. There will normally be an annual conference for all franchisees and other conferences as needed. See Item 11, (13) (iv) for more detail.
Continuing Education	Will vary. Continuing Education is estimated not to exceed $300 per person per day subject to the current per diem fee and our expenses.	As Incurred.	The location for the Continuing Education will be our headquarters though we reserve the right to provide Continuing Education over the internet or phone.

Except as stated above, you pay all fees to us. All fees are nonrefundable.

Note 1: Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your franchised business or with this franchise, whether on or off your premises. Gross Revenue also includes the fair market value for any service or product you receive in barter or exchange for services or products and all insurance proceeds you receive for the loss of the Business. We exclude only gratuities paid by customers to employees of the Business, sales tax receipts you must by law collect or pay and customer refunds of previous payments you actually make.

The royalty obligation begins immediately after you complete our initial training program, then continues for the term of your franchise. The royalty is due and payable on the 10th day of each month, and is to be paid to us how we specify. The royalty rate is 6% of Gross Revenues or $200 per calendar month, whichever is greater, based on your Tenure Month for the entire term of your Franchise Agreement. "Tenure Month" starts the calendar month in which initial training is completed and is used as the baseline for each calendar month thereafter. If initial training is completed on the 15th of the month or any time after, then your Tenure Month will start at the beginning of the following month. If your Franchise Agreement is terminated, you may be required to continue such royalty payments for the term of your Franchise Agreement.

Royalty fees are payable by direct deposit from your account. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We can change the time and manner of payment on written notice to you.

Note 2: You pay us a System Advertising fee equal to 1% of your monthly Gross Revenue as defined in the Franchise Agreement. The System Advertising Fee is collected by us and all System Advertising Fees are non-refundable. The System Advertising fee begins on your first Tenure Month (which is defined above in Note 1) and is due on the 10th day of each month and continues for the term of the Franchise. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue in any calendar year. You pay the System Advertising fee at the same time and under the same terms as the royalty described above. The System Advertising fee is uniformly imposed on all franchisees.

Note 3: Interest and late charges begin to accrue from the due date of payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments, provided no interest shall be charged in excess of the maximum rate allowed by law. Interest and late charges are uniformly imposed. Interest and late charges are non-refundable.

Note 4: You must protect, defend, indemnify and hold us harmless against claims, lawsuits or losses arising out of your operation of the franchised business. If you default under the agreement and we engage an attorney for collection or enforcement, you must pay all our damages, legal fees and costs to the extent permitted by law (Franchise Agreement Section XVIII).

Note 5: You must use specific registration software for the management of your business. The software is a program that lets your customers register and pay for programs online as such functionality will be part of your website and is necessary for the operation of your business. The current fee for usage of this software is 4% of online student registration revenue, payable to our approved vendors. (Note that this fee includes fees charged by credit card companies for credit card transactions, which usually range from 2-3+%). The current fee for ongoing training and support for the software is $400 per year. It is your responsibility to install and upgrade the software for your business. We may change the software requirements on 90 days' written notice to you and you will be required to adhere to our software requirements at your own expense (Franchise Agreement Section X.E).

Item 7
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$20,000	$20,000	Lump sum	At signing of the Franchise Agreement	Franchisor Note 1
Computers and Software	$2,500	$9,000	As arranged.	Before opening, as incurred	Vendors Note 2
Furniture and Fixtures	$800	$1,500	As arranged.	Before opening as incurred	Vendors Note 3
Office Space	$0	$2,400	As arranged	Spent over the course of the first 3 months, as incurred	Landlord Note 4
Leasehold Improvements	$0	$500	As arranged	Before Opening	Landlord Note 4
Utility Deposit	$0	$300	As arranged	Before Opening	Landlord
Rental Space for Programs	$0	$6,000	As arranged	Before Opening, as incurred	Payable to third parties. Note 5
Inventory and Supplies	$5,400	$15,500	As arranged	Before Opening, as incurred	Payable to us, our affiliates or third parties. See note 6
Vehicle	$0	$2,500	As arranged	As incurred	Approved Vendors Note 7
Vehicle Graphics	$0	$800	As arranged	Before Opening	Approved Vendors Note 8

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Apparel	$550	$700	As arranged	Before Opening	Us or our Vendors See Note 9
Insurance	$1,100	$2,000	As arranged	As arranged	Payable to third parties. See Note 10
Travel, Lodging and Meals for Initial Training Program	$900	$2,000	As arranged	As Incurred	Payable to third parties. See Note 11 and Item 11
Business Licenses, Permits and other Professional Fees	$400	$3,500	As arranged	Before Opening	Appropriate licensing authorities and Third Parties. Note 12.
Grand Opening Marketing Expense	$1,800	$2,400	As arranged	Before Opening	Payable to us or Approved Vendors. Note 13
Operating Expenses and Additional Funds [first 3 months]	$1,500	$4,500	As arranged	Spent over the course of the first 3 months	See Note 14
Total	**$34,950**	**$73,600**			See Note 15

Other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

Note 1: The initial franchise fee is $20,000. The initial franchise fee is $10,000 for each additional franchise you choose to buy at the time you sign your franchise agreement. At the time of signing the Franchise Agreement you could also purchase an option to buy additional franchises. The fee for this option is $5,000. It is not included in the table because the option fee would apply toward the purchase of a franchise.

Note 2: You must purchase computers and software (including our online registration software) for the operation of your Business as specified in the operations manual. We expect most franchisees will start the business by offering our basic LEGO® building programs and conduct a few sessions each week. The low estimate represents current costs for computers and software that includes one monitor, one laptop and software for word processing, desktop publishing and accounting. In addition to our Basic Program, if you wish to immediately offer advanced programs such as our advanced LEGO® robotics and game design programs, you will need additional computers and software for approximately 20 students. The high estimate represents the current costs for all computers and software necessary to operate your Business including 22 laptops and 22 gaming, robotic and 3D modeling software programs. You must purchase only approved computers and software and must purchase items that meet our specifications, which may change from time to time. Such items must be purchased through us, our affiliates and/or vendors or suppliers approved by us and may not be refundable depending on the terms of the invoice or purchase agreement (Franchise Agreement Sections XII.H, XII.I and XX.I).

Note 3: This estimate is for items we expect you to need for operating the Business: one portable sound system, one hand cart and/or dolly, two A-frame signs, lockable and portable storage cabinets, file cabinets, shelving, storage bins, desk, chairs, flip charts and general office supplies. You may be able to use existing furniture and fixtures when operating home-based. Actual furniture and fixture costs vary due to the square footage of your workspace and choice of furniture and fixtures. Expenses for equipment, furniture and fixtures do not include shipping costs and may not be refundable depending on the terms of the invoice or the purchase agreement.

Note 4: These are estimated expenses for office space for your business. But a typical franchised business is home-based. TechKnowHow® programs are held onsite at various locations in your territory. Whether you operate from home or leased office space, you must not conduct programs there. The high estimate represents your rent and security deposit, which typically equals one-month's rent, for the first three months. You may be able to reduce this expense if you operate from home or from space in an existing location that compliments another business as long as your arrangement does not violate laws, regulations or zoning restrictions. If you lease space, we advise you to choose space needing minimal leasehold improvements or fixtures and the space must be enclosed and separate from other businesses with its own locking door. These sums do not include the purchase of real property, as we do not expect you will buy real property. Whether or not rent or lease payments are refundable depends on the terms of your agreement with your landlord (Franchise Agreement Sections XII.S and XII.T).

Note 5: In most cases you will not need to pay for rental space, however there may be different times throughout the year where renting space may be necessary. The high estimate is for costs to rent space for your first three months of operation (full day rental) to hold various programs.

Note 6: You must purchase products and supplies for the general operation of your business as specified in the operations manual. You must purchase only approved products and supplies and you must purchase products that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: LEGO® bricks and elements, LEGO® kits, battery packs, batteries, mouse pads and mice, headphones, various motors and gears, micro-computers, circuit components, workbooks and materials, playground equipment (such as: a variety of balls, cones and other outdoor game items), name badges, first aid kit and various other items we specify. The low estimate represents an estimated cost for items you will need if offering our Basic Program only and the high estimate represents estimated costs if, in addition to the Basic Program, you also offer Advanced Programs. All items mentioned above must be purchased through us, our affiliates or approved vendors and/or suppliers, except workbooks and materials must be purchased directly from us. Whether or not any of these purchases are refundable depends on the terms of the invoice or purchase agreement with suppliers (Franchise Agreement Sections XII.I and XX.I).

Note 7: You can use your existing vehicle if it meets our appearance specifications or you can lease or purchase a new or used vehicle for use in your business. We require a vehicle not more than twenty years old that meets our appearance standards. We advise that if you need a vehicle for your business you find a used vehicle. The estimated amount for a leased vehicle is approximately $300 per vehicle per month and is contingent on mileage, gas prices, maintenance and licensing. We do not expect that you will immediately pay in full for a new or used vehicle, but if you do, your cost will be higher than the high estimate. If you choose to lease or purchase and finance a new or used vehicle, the estimated amount for a down payment is approximately $2,500 per vehicle. The purchase agreement price will vary from dealer to dealer, and the terms of your loan, including the interest rate and term, will vary depending on your credit worthiness, changes in credit markets, other loan costs and terms. We can't give you any guarantee or make any representation as to the terms, conditions or otherwise of financing for your vehicle. Whether or not payments made for the lease or purchase of your vehicle is refundable depends on the terms offered by your dealer.

Note 8: If you use your own vehicle and you want to advertise using graphics, we will provide you with specifications for vehicle graphics. We do not require you to put graphics on your vehicle, but if you do, you must adhere to our standards (Franchise Agreement Sections XII.U and XX.H).

Note 9: You must purchase and maintain an inventory of approved apparel for use in your business. You must purchase t-shirts for students and embroidered shirts for your staff from us and/or our approved vendors. All apparel must meet our specifications, which may change from time to time. You will need a minimum inventory of 100 white t-shirts that incorporate our logo and approved graphics for students for your first month of operation. The number of embroidered shirts you will need for your staff will vary depending on the number of instructors you hire. This estimate does not include any shipping costs which (if applicable) are your responsibility.

Note 10: This estimated amount represents 12 months of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. The cost of insurance will likely exceed the estimate if you pay in installments. You must obtain and maintain comprehensive general liability insurance (that includes a property insurance rider for leasing space to perform TechKnowHow® programs) with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify. You must obtain business interruption insurance and automotive liability insurance with a minimum policy limit of $100,000 including uninsured motorist/minimum of $100,000 or an amount we reasonably specify (Franchise Agreement XIII). We may change insurance requirements on reasonable notice to you. Whether or not insurance premiums are refundable depend on the terms of your insurance policies.

You may need other insurance such as tenant's liability, statutory workers' compensation insurance (if applicable) and employer's liability insurance with minimum policy limits of $1,000,000 or an amount we reasonably specify. Professional liability insurance, product liability insurance, employee dishonesty insurance, employment practices liability insurance and property insurance are optional at this time, but we could require you to obtain this coverage in the future with liability limits of amounts we may reasonably specify. The estimates do not include these optional coverages; if you choose to purchase any of these optional coverages your investment will be higher than the high estimate.

Note 11: Training is generally held at our corporate headquarters. However, the training location may vary at our sole discretion. You are responsible for all costs associated with attending such as travel, room and board. Additional training is available at your request. An additional training fee of up to $300 per day may be required.

Note 12: You may need to obtain certain licenses to operate your business. You may also need to consult with lawyers, accountants and/or other professionals in connection with the operation of your business. The high estimate of $3,500 assumes you will consult with a lawyer and accountant. If they charge you more than this, then your cost will exceed the high estimate.

Note 13: You must purchase marketing and promotion materials that have been developed to attract students and assist you in securing locations. This is a range of estimated direct marketing expenses spent by you during your first three months of operation.

Note 14: These figures are just estimates and we cannot guarantee that you will not have higher costs. Competitive conditions described in Item 1 will affect these costs. This estimate includes minimum working capital for the start-up of your business, which includes start-up costs such as: additional products and supplies, recruiting instructors, worker's compensation insurance payments, tax, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

This estimate of start-up costs is for a period of about three months, with additional operating capital to be available as may be needed during the initial phase. These costs do not include your Royalty Fee and System Advertising Fee payments, which start immediately after initial training is completed (as described in Item 6). Royalty and System Advertising fee payments should be included in your projections of overall operations costs beginning with your first month of operation. You may choose to invest additional funds into your business during the first three months of operation, and sometimes longer.

Note 15: We relied on our principals' combined expertise when preparing these figures. The actual amount of funds you will need depends on a variety of factors, including whether you offer a Basic Program or an Advanced Program to complement your Basic Program, the number of programs you offer, the amount of products and supplies you purchase, if you lease or purchase a vehicle, how you finance it (we do not expect you to pay in full at time of purchase), if you lease office space, if you need to rent space to perform programs, if you hire instructors, the time of year when you start your business, prevailing wage rates, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on owner-operated business, or incorporating Franchise operations to an existing complimentary business and does not include salaries or benefits for full-time employees.

We cannot assure you will achieve positive cash flow or profits at any particular time or at all. These amounts are estimates only and specific amounts vary with local market conditions, which are outside our control. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least twelve months.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are required to adhere to standards and specifications established periodically by us. You must operate the Business in conformity with methods, standards and specifications we prescribe in the Operations Manual or otherwise in writing. A list of approved vendors and suppliers from whom all computers, software, products, supplies, apparel, vehicle graphics and marketing materials may be purchased will be provided to you and may be amended by us periodically. All services and products must be offered and used according to the specifications and procedures specified in the Operations Manual or other written materials. You must offer and use only our approved after school and/or summer camp programs and Curriculum for the operation of your Business and you cannot implement any other program or curriculum in your Business without our written approval (Franchise Agreement XII.H).

You are not permitted to sell or use computers, software, products or services of an unapproved vendor; purchase computers, software, products or supplies from an unapproved supplier; or offer, sell or use any other type of after school, summer camp, education, technology and/or enrichment program or curriculum, computer, software, products or supplies not approved by us, unless you first submit a written request to us for approval. We will use our best efforts to tell you within thirty (30) days whether such programs, curriculum, computers, software, products, supplies, vendors or suppliers are approved, as further described below in this Item 8.

You must offer only the after school, summer camp and/or special event programs, services and use the Curriculum and products (currently you are not authorized to sell any products as described in Item 16) we specify in writing which may be amended by us periodically. You must offer all programs and services, use all products and supplies, and teach the Curriculum as required by us in the manner and style we specify. We will provide you a list of approved after school, summer camp and special event programs, all Curriculum and a list of approved products you are authorized to offer and use in your Business after signing the Franchise Agreement and during training. You must introduce a minimum of one new and/or updated Curriculum each calendar year. We will provide new and updated Curriculum to you at no cost. There is no minimum or maximum number of after school, summer camp or special event programs you must offer or conduct, nor a minimum or maximum session size. We do not derive revenue or collect a royalty fee based on the number of sessions you conduct. You must also follow and adhere to our operational procedures and standards for hiring employees (referred to as "Instructors"). We will provide you with checklists, specifications and requirements when hiring Instructors in your area.

To maintain uniform quality standards all computers, software, products, apparel, vehicle graphics, signage, advertising, trademark usage, trade dress and other supplies and services you use to operate the franchised business must meet our standards and specifications.

You must not deviate from our standards and specifications without our written consent. If you want to offer any programs, services or curriculum, or use any products, equipment or supplies that have not been approved by us, or purchase any products from a supplier that has not been designated by us, you must first notify us in writing. We will respond to your written request within 30 days of our receipt. If we do not respond within

30 days, your request will be deemed disapproved. If we approve your request, we may revoke our approval at any time on our written notice to you. You must stop offering any programs, curriculum or services, and stop using or selling products we disapprove on notice from us. We can, and expect to, modify our standards and specifications periodically.

We base our approval or disapproval on our discretionary determination of quality, accuracy of product claims, safety, value, prompt attention to complaints, frequency of delivery, appearance and contributions or other benefits to us. We may require vendors and/or suppliers to provide certain information in addition to signing a nondisclosure agreement and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time.

You must participate in and cooperate with promotional programs, gift certificate or gift card programs we may establish and follow our requirements and guidelines. We will require you to use specific merchant service providers and communications programs, and we may require you to use or contribute to specified stationary, operational forms and checklists, promotional items, vendor discounts, allowances and rebates.

We may offer or designate others to offer computers, software, products, supplies or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. The products, supplies or services may include: LEGO® bricks and elements, LEGO® Kits, micro-computers, snap on circuit components, various motors and gears, digital and video cameras, workbook materials, apparel, vehicle graphics, proprietary and/or branded products (if developed), marketing materials, printed advertising materials and promotional items, computer software, shows and event marketing opportunities, and vendor, co-branding, affinity programs.

Currently we are not the only approved supplier of products or supplies you are required to use or sell in your Business, except we are the only approved supplier for our Curriculum, workbooks, advertising and marketing materials. As of the effective date of this Disclosure Document, all updates to advertising and marketing materials are optional, but we may in the future mandate that you purchase certain updates at your expense. Currently you are not authorized to sell any products to customers, however, we may allow you to sell products in the future. If we develop proprietary products or software in the future, you must purchase those from our approved suppliers, affiliates or us; and you may be required to maintain a specified inventory of such proprietary products (currently not in effect). You will be allowed to carry authorized third party products and services from our authorized product and services list that will be made available to you after signing the Franchise Agreement. We do not require that you maintain any specific inventory of authorized third party products. We may, in the future, negotiate purchase arrangements with the vendors on the approved suppliers list for the benefit of you in the areas of costs and support.

No officer of ours owns an interest in any required, recommended or approved supplier.

We may derive profit through markups of the prices charged to you for computers, software, products, supplies, apparel, vehicle graphics, promotional items, advertising and marketing materials or services we supply. We may derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers. We do not know the precise basis of these payments because we have never previously collected them. We reserve the right to receive rebates or other consideration from suppliers in connection with the purchase by the franchisee of products, supplies and equipment used in the operation of the Business. We do not know the actual percentage of our total revenues that such payments will amount to, as we have never previously collected such payments. We may take a portion of that revenue to spend on advertising or place in a separate franchise advertising account. If we require you to buy products or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. We are not required to apply these funds to advertising or place them in a separate franchise advertising account, but will use our reasonable discretion in making such decision. For the

fiscal year ended December 31, 2015, we did not derive any revenues from franchisees' required purchases or leases, but may do so in the future.

All marketing and promotion of your Business by you in any medium must be done in a professional and dignified manner and conform to our specified standards and requirements. You must submit samples of all advertising or promotional plans and materials that you desire to use to us for approval if such has not been prepared or previously approved by us. You may not use marketing or promotional materials that we have disapproved. This includes any website promotion over the Internet to promote events at your Business. You must submit a request to us for any type of Internet promotion you wish to do in addition to any edits, changes or updates to your website. Internet promotions, edits, changes or updates to your website must be done by us, our affiliates or approved vendors. Upon approval of your request, you are responsible for all costs associated with any such edits, changes or updates. Our response to your request for such Internet promotions, edits, changes or updates to your website will be made within 30 days after we receive it, otherwise the request will be deemed disapproved. You must not conduct any advertising without our written permission, in any Social Media such as Twitter, Facebook, LinkedIn and others. You must supervise your employees to assure they do not post material on the Social Media sites or any internet sites, regarding the Franchisor or Franchise system whatsoever.

You must have and/or purchase computers, software, smart phone, digital and video cameras, products, supplies and apparel. If you choose to place graphics on your vehicle as a form of advertising, the appearance of such vehicle graphics must meet our specifications. The specifications for vehicle graphics are in the Operations Manual and are based on our judgment and discretion based on the experience of our affiliate company-owned business. Failure to adhere to such specifications may put you in default under your Franchise Agreement. It is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 30%-40% of your total initial purchases, depending on whether you choose to lease or purchase a vehicle. During the operation of the franchised business, required purchases from us, our affiliates or the vendors that we specify and approve (not including royalties or labor costs) are estimated to represent approximately 5%-10% of your monthly cost to operate your Business on an ongoing basis (depends on the types of programs and how many sessions you conduct).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

Before you open a TechKnowHow® for business, you must obtain the insurance coverage specified below.

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property insurance (for leasing space), personal injury, advertising injury, completed operations and fire damage coverage, in the amount of $1,000,000 per occurrence and $2,000,000 aggregate;

2. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost royalties, system advertising and other fees due to us and/or our affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is required with liability limits of amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;

3. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $100,000 combined single limit or what is in accordance with your state guidelines;

4. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;

The insurance coverage must be maintained during the term of the Franchise Agreement. You must provide evidence of insurance to us. You may, after obtaining our written consent, elect to have reasonable deductibles under these coverages. All policies must name us, as additional insured and must include a waiver of subrogation. All insurance must be with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies on the earlier of your opening of the Business or 60 days following the date that the Franchise Agreement is executed. You must purchase "A" rating insurance policies. Each such policy shall provide that it cannot be canceled without 30 days prior written notice to us and that we shall receive at least 30 days prior written notice of its expiration. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

We estimate that the cost of insurance will be less than 3% of your total purchases in connection with the establishment of your business and less than 1% of your total purchases in the operation of your business. These percentages do not include workers' compensation insurance that will vary with the payroll amount and category of employees.

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 the disclosure document.

Obligation	Section In Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections XII.S and XX.C. of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section VIII of Franchise Agreement	Item 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, XII.T, XX.C. of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A. of Franchise Agreement	Item 11
(e) Opening	Sections IX.A. and XII.G of Franchise Agreement	Item 11
(f) Fees	Sections IX and X of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII of Franchise Agreement	Item 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.H and XII.I. of Franchise Agreement	Items 8 and 16
(j) Warranty and Customer service requirements	Not Applicable	Not Applicable

Obligation	Section In Agreement	Disclosure Document Item
(k) Territory development	Section VI of Franchise Agreement	Item 12
(l) On-going product/services purchases	Section XII.I. of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections XII.E. and XII.U. of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7
(o) Advertising	Sections X.B., X.C., X.D, of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Item 6
(q) Owner's participation/ management/staffing	Sections XII.F., XII.K., XII.V. of Franchise Agreement	Items 11 and 15
(r) Records/reports	Section XIV of Franchise Agreement	Item 6 and 11
(s) Inspections/audits	Sections XII.Q, XIV.B. of Franchise Agreement	Item 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Item 6 and 17
(u) Renewal	Section VII.B. of Franchise Agreement	Item 6 and 17
(v) Post-termination Obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition Covenants	Section XIX of Franchise Agreement	Item 17
(x) Dispute Resolution	Sections XXV.C - F. of Franchise Agreement	Item 17

Item 10
FINANCING

We do not offer, either directly or indirectly, any financing to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing. We do not guarantee your notes, leases, or any other obligations.

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

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

Before you open your Business, we will:

(1) Even though a TechKnowHow® is a mobile business intended to be operated out of your home, you could choose to lease an office space for your Business. We will not unreasonably withhold our acceptance of an office space for the operation of your Business that meets our requirements. You

select the office space for your Business within the protected territory provided in the Franchise Agreement. You must get our acceptance of the office space. We determine if it meets or exceeds our standards, but this is for our own benefit and does not ensure that your Business will achieve any particular results at the approved space. The factors we may consider in deciding whether to accept the office space include population density, freeway access, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed office space and accept, or do not accept, on a case-by-case basis (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor our employees claim to have special expertise in selecting office space; we make no representation that your Business will be profitable or successful by being located at the approved space. Any approval only indicates that we are satisfied that the proposed office space meets our minimum criteria based on our general business experience. (Franchise Agreement, Section XX.C).

(2) Review for approval or disapproval a proposed lease if you plan to lease office space. You must obtain our prior written consent before executing a lease. At least ten (10) days before executing the proposed lease, you must provide us with a copy of the lease for our consideration. We plan to tell you within three (3) business days if we approve or not. (Franchise Agreement, Section XII.S).

(3) Offer you guidance when obtaining certifications and applying for permits as required by your locality to operate the Business. It is your responsibility to comply with all laws, ordinances and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses and permits to operate your Business (Franchise Agreement Section XII.C).

(4) If you choose to lease or purchase a used or new vehicle or use an existing vehicle to operate your Business we will provide you with vehicle appearance specifications. You are responsible for the cost of the vehicle and the installation and cost of all vehicle graphics (Franchise Agreement, Sections XII.I, XII.U and XX.H).

(5) Provide you a list of our approved vendors and suppliers for all products, supplies, apparel, vehicle graphics, advertising and marketing materials and promotional items to be used in your Business. You are responsible for the cost of these items. You are required to purchase the items listed above from us, our affiliates and/or our approved vendors (Franchise Agreement XII.I, XX.H, and XX.I).

(6) Provide you specifications and list of approved vendors and suppliers for all computers and software necessary to operate your Business. You are responsible for the cost of these items and must purchase these from us, our affiliates and/or approved vendors. You are obligated to upgrade all software, repair and maintain all the computers necessary for the operation of your Business. We will deliver the specifications, but not the above items, and you are responsible for installing these items (Franchise Agreement Sections XII.H, XII.I, XX.A, and XX.H).

(7) Provide you Curriculum you are required to use and teach for each program you offer in your Business. We will provide you with the Curriculum that matches the programs you offer at no additional cost to you however you are responsible for the cost of all workbook materials. You must purchase the workbook materials that complement the Curriculum from us, our affiliates and/or approved vendors (Franchise Agreement XX.H and XX.A).

(8) Offer certain training programs designed to assist you and your business management staff in the operation of your Franchise. We will also provide continuing education to any new manager or supervisor of your Franchise. We may require that you, any Owner and any manager(s), supervisor or assistant manager or supervisor, complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).

(9) Provide an initial training program, no later than 30 days before the date you start operating your Business, designated to assist you and your management staff in the operation of your Business, at no additional charge. The initial training program is designated for a maximum of three people per

Franchise. If more than three people attend the training, we may impose a training fee of $300 per person for each day of training (Franchise Agreement Section XX.A).

(10) We will provide you guidance and assistance in the operation of your Franchise, including: how to secure locations, teaching our Curriculum, suggested pricing for services and products (if applicable), guidelines for hiring Instructors, methods and operating procedures utilized by other TechKnowHow® Franchises including new after school, summer camp and special event programs, advertising and promotional programs, bookkeeping, accounting methods, general operating procedures and website upgrades. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Section XX.A, XX.E and XX.K).

(11) Loan to you during the term of the Franchise Agreement one copy of our confidential operating manuals, which may include one or more manuals (for example, this also includes the Pre-Opening Manual) and other written materials (collectively, the "Operations Manual") for the operation of a TechKnowHow® business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized programs, services and products, as well as changes in specifications, standards and operating procedures of a TechKnowHow® Franchise. You must keep the Operations Manual confidential and current, and may not copy any part of the Operations Manual. The table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G). You must operate your franchised business in compliance with the terms of your Franchise Agreement and the Manuals. You alone will exercise day-to-day control over all operations, activities and elements of the franchised business, including over your employees. Under no circumstance will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the System with which you must comply under the Franchise Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your franchised business, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your franchised business consistent with our policies. Franchise Agreement, Section XII.K.).

(12) Approve or disapprove samples of all local advertising, marketing and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Section X.C, XII.H and XX.J).

(13) Deliver to you a website for your Franchise operations at no additional cost incurred by you (Franchise Agreement, Sections IX.C and XX.B).

(14) Approve or disapprove any promotions, edits, changes or updates to your website. All modifications to your website must be performed by us, our affiliates or approved vendors and you will be responsible for all related costs (Franchise Agreement Sections X.C, XII.I and XX.B).

(15) Provide up to three days of pre-opening/grand opening assistance to you and your staff at your location within sixty days that you open your Business for operation. Such assistance will be provided to you as part of our initial franchise training program and at our cost (Franchise Agreement XX.A).

During your operation of the Business, we may:

(1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to after school, summer camp and special event program execution, teaching our Curriculum, services, products, securing locations to

conduct after school, summer camp and special event programs and also operational and sales matters related to a TechKnowHow® business. You will be responsible for transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).

(2) Provide you and your personnel, TechKnowHow® Franchise Continuing Education meetings at locations designated by us, which we expect to be at our headquarters with a fee not to exceed $300 per person per day and our expenses which can vary from area to area. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).

(3) Provide you with all update and upgrade requirements for your computer systems and software or changes in our policies that are communicated to you in writing. The cost of such systems ranges between $2,500 and $9,000 (See Item 7). We are not obligated to provide any upgrades to any software programs that we do not own and license to you. We are not obligated to provide maintenance or repairs to any computer system, software or computer hardware that you use in the operation of your Business. Because this is a new franchise, we cannot estimate the annual cost of computer software and hardware upgrades. We reserve the right to have independent access to all information that you store in any computer system used for the Business (Franchise Agreement Sections XII.I, XX.A and XX.H).

(4) Conduct quarterly meetings or an annual convention where we designate (Franchise Agreement, Section XX.A).

(5) Establish a Franchise elected peer group whose main purpose is to mentor and support each other.

(6) Provide you an intranet system, at no additional charge, to answer questions from you or your staff (during regular business hours, Pacific Standard Time). In addition, you will be able to send us questions and suggestions using Internet email (Franchise Agreement, Sections XX.A).

(7) We could decide to offer a program in which franchisees can receive a flat referral fee of $2,000 in cash, services or product credit for referring a third party franchise prospect to us, who becomes a TechKnowHow® franchisee. We are not obligated to do this. If this program is established, you would be authorized only to identify the prospect to our company franchise sales staff. You would not be authorized to act as our agent or franchise broker and must not provide any information to prospects other than what we approve and complies with law. If you are entitled to receive a referral fee, notice will be given to the prospective franchisee. If established, we will retain the right in our sole discretion to modify or terminate this referral program at any time with or without notice.

During your operation of the Business we will:

(1) Assist you in selecting and negotiating payment for locations where you can conduct after school, summer camp and special event programs within your protected territory. It is your responsibility to identify and secure locations. We will provide you with guidelines for selecting locations and negotiating payment (if applicable) and such locations must meet or exceed our standards, however our assistance does not ensure that your Business will be profitable at the location. The factors we consider when selecting locations include demographics, proximity to major roads, convenience, lighting, safety, traffic, size and layout. Typical locations include public and/or private schools, universities, community centers, parks, recreation centers, camp grounds and other such venues. It is not required that you seek our assistance when selecting locations, however we are available to help you evaluate each proposed location on a case by case basis (Franchise Agreement, Sections XII.H and XX.D).

Neither we nor any of our employees have special expertise in selecting or negotiating payment for locations where you are able to conduct after school, summer camp and special event programs as each geographic area is different. In providing assistance and guidance to you, we make no representation that your after school, summer camp and/or special event programs will be successful or profitable. Any assistance and guidance by us in helping you secure a location is intended only to indicate that the proposed location meets our minimum criteria.

(2) Continue to consult with you at no additional charge regarding after school, summer camp and special event programs; securing locations, our Curriculum, online registration program, computers, software, products, supplies, policies, industry developments, sales, advertising and marketing. We will provide you with new and updated Curriculum that we will continue to develop for you to use and required you to teach, at no cost to you. We will offer assistance, advice, guidance and experience to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.V and XX.A).

(3) Provide a telephone hotline, at no additional charge, to answer questions from you or your staff (during regular business hours Pacific Standard Time). You will be able to contact us for questions, suggestions and guidance (Franchise Agreement, Section XX.A).

(4) Review and approve all advertising, marketing and promotion materials in addition to any promotions, edits, changes or updates to your website that you submit to us (Franchise Agreement, Section XII.H, XII.I, XX.B and XX.J).

(5) Provide you with computer, software, product, supply, vendor and supplier guidelines in addition to recommendations for hiring Instructors for your Business. We will provide you with updated and current lists of approved computer, software, products and supplies you are allowed to use, offer and sell in your Business. We will provide you with such computer, software, product and supply guidelines, but not the actual items and you are responsible for purchasing these items. We will review and approve or disapprove any computer, software, product, supply, program, service, vendor or supplier you wish to use, offer or sell in the operation of your Business. You may be responsible for paying any costs related to testing any samples (as described in Item 8). If we offer proprietary products in the future, all products will be made available in quantities sufficient to meet your student demands and at a reasonable cost (Franchise Agreement, Sections XII.F, XII.H, XII.I, XX.E, XX.H and XX.I).

(6) Provide you with suggested prices for all services and products (if applicable) you offer in your Business. We will establish minimum and maximum prices you can charge to the extent allowed by law. We will continue to develop and design new programs, Curriculum, services and introduce new products for the System as we deem necessary (Franchise Agreement XX.K).

(7) Provide continuing education to any new manager or supervisor of your business as noted in paragraph 13(iv) below. We may require that you, any Owners and any manager(s), supervisor(s) or assistant manager(s) or assistant supervisor(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.V and XX.A).

(8) Offer you assistance in establishing and using administrative, bookkeeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Section XX.A).

(9) Maintain, and administer a System Advertising Fund (referred to as the 'Fund') to support ongoing technology, new programs, Curriculum and product development to be made available to franchisees, and such national advertising as we, in our sole discretion, may deem appropriate. We do not use monies in the Fund to solicit new franchisees. We will direct all such programs and will

have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department, or may in the future from a national or local advertising agency. We reserve the right to determine the composition of geographic territories and market areas for implementation and development of such programs. The advertising programs may be national, regional or local at our discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).

(i.) You will pay us 1% of your Gross Revenue per calendar month for the System Advertising contribution as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue in any calendar year. Contributions are due by the tenth day of the month (for the prior month) which begin on your first Tenure Month and will continue for the term of your franchise. Refer to Item 6 for definition of Tenure Month.

(ii.) Contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new technologies, product development, market research, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new programs, Curriculum, products and supplies to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio and television and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all TechKnowHow® franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use.

(iii.) We administer the fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year when they accrue, we can use the remaining amounts for the same purposes in future years. Interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you on written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the Fund in any one year, and such funds may be accrued into the next year. The Fund is not a trust or escrow account, and we have no fiduciary obligation to you with respect to the Fund. The Fund has not been established before the date of this Disclosure Document.

(iv.) We expect to receive advertising and promotion allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the Fund.

(10) We currently do not use an advertising council composed of franchisees that advise us on advertising policies. However, we may implement such a council on notice to you. We currently do not have an advertising cooperative program. However, we reserve the right to implement such cooperative.

(11) You must spend a minimum of $350 each calendar month or $2,100 every six calendar months on local advertising and promotion for your Business, in addition to the 1% System Advertising contribution you pay to us. We may reduce the amount of your local advertising requirement after your second full year of operation at our discretion. You will also spend at least $1,800 on "grand opening" promotion within three months of opening which substitutes for the $350 a month obligation described above for local advertising. You must report your quarterly advertising expenditures to us by the 10th day after the end of each quarter, or at times, on forms, and in a manner we determine.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within thirty days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you need not follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

Unless we approve otherwise in writing, you may not establish a separate Website and will only have one Website, as we designate and approve, within our website. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). You must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. However, if we approve a separate Website for you (which we are not obligated to do), then each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites.

(12) We estimate the typical length of time between signing the Franchise Agreement and opening your business to be approximately 60 days. Factors that may affect this length of time include satisfactory completion of our initial training program by you (or your Owners), your ability to secure locations to conduct after school, summer camp and/or special event programs; and availability of computers, products and supplies necessary for you to begin operating your Business. If you choose to open an office for your Business, you have 60 days from signing the Franchise Agreement to acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your TechKnowHow® Franchise under the Franchise Agreement (not applicable if home based). If opening an office, you must submit to us, in the form we specify, a copy of the location plan and other information or materials we require, together with an option contract, letter of intent, or other evidence of satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed office space of your TechKnowHow® Franchise. If we do not approve a proposed office space by written notice to you within this 30-day period, the office space will be deemed disapproved. Failure to satisfy and complete our training program, start operating your Business and obtain our approval of your office space (if applicable) within the 60-day period will be a default under the Franchise Agreement, for which we may terminate the Franchise Agreement.

(13) Before opening your Franchise, you, any Owner, proposed manager, supervisor and/or key personnel you designate are required to attend our 5-day Franchisee training program at our corporate

headquarters in Foster City, California unless headquarters is moved. We maintain a regular calendar for the training program and we expect trainings to be held about six to eight times per year (or more frequently if needed). The training program is included in your Initial Franchise Fee for up to three individuals. You are responsible for all costs associated with attending the program such as travel, room and board.

(i.) If we determine that any proposed manager or supervisor is not qualified to manage a TechKnowHow® business, we will notify you, and you may then select and enroll a substitute manager in our training program. If, during the training program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) are not qualified to manage a TechKnowHow® business, we have the right to terminate the Franchise Agreement and we will refund the Initial Franchise Fee, minus our demonstrated expenses, without interest.

(ii.) After completion of our training program by you and your key personnel, we will provide training to any new manager, supervisor or key staff member of your Business at your request for which an additional training fee of up to $300 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. We have the right to require that you (or such managing partner, member or shareholder) and any manager(s), supervisor, assistant manager(s), assistant supervisor(s) and staff complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters in Foster City, California, at the fee as described above. (Franchise Agreement, XX.A)

(iii.) After opening your Business, we will provide you and your personnel, access to information and support through franchise portals online. Support will also be available from our professionals, and we may provide continuing education, additional or refresher training programs either through phone, web based ("webinars"), video or at locations designated by us (most likely at our headquarters). Continuing education, additional or refresher training programs (other than by phone, webinars or video) may have a registration charge to you which will not exceed more than $300 per person per day plus our expenses. You are responsible for costs associated with you attending the programs such as travel, room and board. The programs will normally not exceed two days and we expect to at least have quarterly programs subject to special need. The content will cover particular aspects including but not limited to: new after school, summer camp and special event programs, teaching the Curriculum, registration and scheduling sessions, trends in the industry, securing locations, operational guidelines, safety, website and software developments, sales, marketing, administration and so forth. We may conduct an annual convention at such place as we designate for all Franchisees. Initially we expect this to be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The fees charged above may be increased a reasonable amount based on reasonable criteria. (Franchise Agreement, XX.A).

(iv.) Within 30 days before the date you anticipate operating your Business, we will provide training for you as noted in the following training schedule. This training curriculum is detailed in the TechKnowHow® Operations Manual and may change periodically. Our training team will include directors from our staff from the TechKnowHow® currently at our Foster City corporate office, members of our website development team, members from our approved suppliers and service providers. (Franchise Agreement, XX.A).

(14) Attached as Exhibit E to this disclosure document is the Table of Contents of the current version of our Operations Manual, which consists to a total of 415 pages.

TRAINING SCHEDULE: AT CORPORATE OFFICES

The TechKnowHow® Franchise Training Program includes an Operations Manual, hands-on training, and demos. This training curriculum is detailed in the Operations Manual and will change periodically.

Training Program
TechKnowHow® **Franchisees**

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All training sessions will be taught by a combination of Bob Mancini, whose background is described in Item 2 above, and the TKH staff. There may also be additional speakers.

Subject	Hours of Classroom Training	Hours of On The Job Training	Instruction	Location
The TechKnowHow® System, Standards and Philosophy	2 Hours		Presentation, demos and examples	Corporate headquarters in Foster City, California or as we otherwise specify.
After School, Summer Camp and Special Event Programs	2 Hours		Presentation, Demos, Operations Manual, and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Introduction to Our Basic LEGO® Building Program	2 Hours		Presentation, Demos, Operations Manual, On The Job Training and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Advanced LEGO® Robotics, Coding and Game Design Programs Overview	2 Hours		Presentation, Demos, Operations Manual, On The Job Training and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Strategies for Purchasing Computers, Software, Products and Supplies	4 Hours	1 Hour	Presentation, Operations Manual, Various Speakers and On The Job Training	Corporate headquarters in Foster City, California or as we otherwise specify
The Basic Program Curriculum and Execution	4 Hours	8 Hours	Operations Manual, Presentations, Various Speakers and On The Job Training	Corporate headquarters in Foster City, California or as we otherwise specify
Introduction to Our Advanced Robotics and Game Design Program	2 Hours	6 Hours	Operations Manual, Presentations, Various Speakers and On The Job Training	Corporate headquarters in Foster City, California or as we otherwise specify
How to Scout and Negotiate Locations	2 Hours		Presentation, Operations Manual, Various Speakers and Demos	Corporate headquarters in Foster City, California or as we otherwise specify
Contracts, Waivers and Fee Schedules	2 Hours		Presentation, Demos, Operations Manual and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Scheduling, Operational Checklists and Customer Service Standards	1 Hour	2 Hours	Operations Manual, Various Speakers and On The Job Training	Corporate headquarters in Foster City, California or as we otherwise specify

Subject	Hours of Classroom Training	Hours of On The Job Training	Instruction	Location
Safety, OSHA Requirements and Quality Control	1 Hours	1 Hours	Presentation, Operations Manual, On The Job Training and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Marketing and Advertising Your Business	3 Hours		Marketing Plan and Creation, Presentations, Operations Manual, Demos and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Sales Training, Presentations and Overcoming Objections	2 Hours		Presentation, Operations Manual, Role Playing and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Staffing and Labor Costs	2 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Technology and Software Training*	3 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Website and Registration System	2 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Administrative and Bookkeeping Responsibilities	2 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Foster City, California or as we otherwise specify
Total	38 Hours	18 Hours		

*Additional software and website training may be provided online after the initial training above is completed.

You and any managing partner, member, shareholder and/or manager must complete our training program to our satisfaction. We will provide this training without additional charge to you and up to two of your owners and/or managers or supervisors (a total of three people) as designated by you no later than 30 days before the date you anticipate opening your business. We will not be obligated to provide the training program if you or your affiliate currently owns or operates a TechKnowHow® business or if the Franchise Agreement is executed as a renewal Franchise Agreement. (Franchise Agreement, Section XII V.)

Ongoing Training:

We will provide you with memos and/or newsletters that will contain ongoing training relating to your TechKnowHow® business. We may periodically require that you or your managing partners, members, shareholders, manager, supervisor and/or Instructors complete additional or refresher training programs to correct, improve or enhance the operations of your Business. Such additional or refresher training programs may be conducted by telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iv) above).

Item 12
TERRITORY

You must operate your single Franchise within the specific location identified in your Franchise Agreement. You do not receive an exclusive territory. You could face competition from other franchisees or from outlets that we own. You cannot control or limit any location or operation of any franchised or company-operated TechKnowHow® or other branded units or distribution channels. You do not have rights regarding other businesses, services or products we or our related persons or entities may be involved in.

You receive a protected marketing territory ("Territory") of a defined population of as much as 300,000 people. The population in the Territory may be less than 300,000 people. We reserve the right to grant a territory that is larger or smaller than the population area defined above, to account for more densely or sparely populated areas. We determine your Territory based on the most recently published data from the U.S. Census Bureau (or other source as we may indicate to you). You will have the only TechKnowHow® business within your Territory.

All after school, summer camp and special event programs must be conducted within your Territory at locations you select that are accessible to the general public and you must obtain approval and/or permits necessary to conduct after school, summer camp and special event programs at such locations. However, given unique circumstances, you may be able to conduct after school, summer camp and special event programs in geographic areas outside your Territory with written permission by us. We approve or deny your request, in our sole discretion, within 30 days of receipt of your written request to conduct programs outside your Territory. We, other franchisees and company-owned businesses reserve the same right to conduct after school, summer camp and special event programs in your defined Territory.

You may service customers and sell products (if we authorize to you sell products in the future) to customers who live outside your Territory so long as such activity does not result from any Target Marketing (as defined below) activities by you.

Other than as described above, we cannot establish a company-owned business or license another franchisee to operate a TechKnowHow® franchise within your Territory during the term of the Franchise Agreement.

Your licensed Territory, is determined by zip code, population, our own assessment of business potential (such as: the number of public and private schools, universities, recreation centers, community centers, camp grounds and other such venues are in the area), average household income, demographics of the surrounding area, market penetration or other conditions important to the operation of a TechKnowHow® business, as we deem appropriate and as identified in your Franchise Agreement. Your Territory is determined by us once an area is chosen, and will not be altered even if there is a population increase or decrease. Your Territory will not be affected by your sales volume, number of programs you must conduct or session size. Certain locations, such as major metropolitan areas for example, may have smaller territories because of densely populated areas. We must accept the area in which you want to operate your TechKnowHow® business within your defined Territory in writing before you open for business.

The Territory will affect where you and our other franchisees may conduct after school, summer camp and special event programs and solicit business. We may grant you permission to conduct after school, summer camp and special event programs in other territories adjoining your Territory (as described above). If the other territories that adjoin your Territory are unassigned, we have the right to sell or assign, all or any part, of such adjoining territories, at any time, without notice to you, and you may not have the right of first refusal or option to buy the unassigned territory. You are prohibited from soliciting and marketing in general to customers by any means outside your Territory and must not specifically engage in "Target Marketing" of customers in the Territory of another TechKnowHow® business (franchise and/or a company/affiliate owned business). "Target Marketing" means a concerted effort by a franchisee to solicit and obtain customers through any type of advertisement or marketing, directed at all or a portion of another franchisee's Territory, company-owned business or unassigned area.

If you are asked to provide services to customers who live in a geographic area in which there is another franchisee or company-owned business, you must immediately refer the customer to the TechKnowHow® business

in that geographic area or directly to us. If the other franchisee or company-owned business determines it is in the best interest of the customer for you to provide services, then you can service the customer. If there is not a TechKnowHow® franchise or company-owned business in the geographic area in which the customer lives then you can immediately service the customer, however you must be prepared to refer the customer to another franchisee when the unassigned area is purchased. We and other franchisees must refer customers that live within your Territory to you and also reserve the same right to provide services to customers who may live within your defined Territory if it is determined to be in the customer's best interest. If you are unable to promptly and properly serve any of your customers due to excessive work, or other reasons, you must refer that customer to another franchisee in the System or to us.

If you fail to refer customers as set forth herein, we have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or eliminate any rights you may have with respect to the Territory, effective ten days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory (Franchise Agreement Section VI).

We encourage TechKnowHow® businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other (defined as being within a ten mile radius of each other). We must be notified of such arrangements. We have the right to disapprove such arrangements and you cannot cooperate in any such arrangements that we disapprove.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to conduct after school, summer camp and special event programs at specific locations or to provide services and products (if applicable) to National Accounts. "National Account" means a special class of customers which may include but is not limited to large businesses, national organizations or non-profit organizations with outlets in multiple territories, and government agencies, who on their own behalf or through agents, franchisees or other third parties, own, manage, control or otherwise have responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of the services the Franchisee wishes to perform. After we sign a contract with a National Account, we may at our option provide you the option to conduct after school, summer camp and special event programs at negotiated locations, perform services and/or provide products under the National Account contract. If you choose not to conduct after school, summer camp and special event programs at negotiated locations, we may conduct such programs, perform services and/or provide products directly ourselves, or through another franchisee or third party, even if the services are in your Territory, without compensation to you.

We have the right to:

(1) Advertise, market and sell TechKnowHow® branded and trademarked programs, services and products in your Territory;

(2) Advertise, offer and promote the programs, services and products to promote the System through the Internet, World Wide Web and/or other similar channels no matter where the customer lives, including within your Territory;

(3) Sell or distribute any program, service or product to customers located anywhere through any alternative or other channel of distribution, other than local business operations, under our trademarks (see Item 13 below) and System on terms and conditions we deem appropriate. We have this right whether or not we use the trademarks or System or act inside or outside the Territory designated in your Franchise Agreement;

(4) Distribute our Curriculum and/or sell and distribute proprietary products that have been branded with our trademarks or different branded products through any outlet located anywhere and on any terms and conditions we deem appropriate. If we decide to distribute our Curriculum and/or develop and distribute products, you will not receive compensation from us for sales inside your Territory unless otherwise agreed to in writing by us;

(5) Own, operate or authorize others to own and/or operate (a) any business located outside the Territory designated in your Franchise Agreement using our trademarks and/or System; (b) any business anywhere using our trademarks and/or System, which is not substantially similar to the business franchised to you under the Franchise Agreement; and (c) any business anywhere which does not use our trademarks and/or system; and

(6) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your TechKnowHow® Franchise businesses) are converted to another format, maintained under the System or otherwise. Each TechKnowHow® Franchise business awarded to you will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We do not pay compensation to you concerning the sale of our services, Curriculum or products (if developed) by us over the Internet, World Wide Web, other similar channels, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the franchised business or any business that does not use our trademarks.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses offering similar services or products under a trade name or trademark different from the TechKnowHow® Marks.

Item 13
TRADEMARKS

In the Franchise Agreement, we grant you the nonexclusive right to use our principal trademark "TechKnowHow®" as well as the "TechKnowHow" design mark (see below), (collectively the "Marks"). We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

We own and claim rights to the following marks:

Principal Trademarks	Principal/ Supplemental Register	Goods/Services	Status
TechKnowHow	Principal	Education services, namely, providing camps and classes for pre-kindergarten through 12th grade students in the field of technology and science	Registered June 19, 2012 as Registration No. 4161049.
	Principal	Franchise services, namely, offering business management assistance in the establishment and operation of educational camps and classes for students in the field of technology and science	Registered: October 16, 2012 Reg. No. 4,225,262

Principal Trademarks	Principal/ Supplemental Register	Goods/Services	Status
	Principal	Franchise services, namely, offering business management assistance in the establishment and operation of educational camps and classes in the field of technology and science; Franchising, namely, consultation and assistance in business management, organization and promotion.	Registered: April 23, 2013 Reg. No. 4,323,613

There are currently no effective determinations of the USPTO, the Trademark Trial And Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. There are no infringing uses actually known to us that could materially affect your use of the Marks.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We reserve the right to control any litigation related to the Marks and the sole right to decide to pursue or settle any infringement actions related to the Marks. We are not obligated to protect you against claims of infringement or unfair competition arising from your use of the Marks. You may not, without our prior written consent commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

We may modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. You may be required, at your own expense, to remove existing signs from your Franchise, and purchase and install new signs, if we modify or discontinue use of any Mark. We will not have any liability or obligation as to your modification or discontinuance of any Mark.

Your use of the Marks and any goodwill that arises from that use are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the Marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain fictitious or assumed name registrations as we or applicable law require. You must identify yourself as the owner of your Franchise by placing your name on the business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of TechKnowHow® " or other phrase we may designate from time to time.

You must not establish a Website on the Internet using any domain name “TechKnowHow” and “TechKnowHowKids” or any variation thereof.

In our franchise we mention and you may have occasion to mention the Lego® trademark. This is because our franchise makes use of Lego® brand products. We do not own or have rights in and you cannot claim any rights in that trademark, but must limit your references only to accurate statements identifying such products. Lego® is a registered trademark of the LEGO Group of Companies, which does not sponsor, authorize or endorse this franchise.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for our Curriculum, school and special event programs, workbook materials and handouts, software, website, products, design, décor, signage, graphics, manuals and all related materials including advertisement and promotional materials.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trade secret, copyright or to participate in your defense.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any copyright, trade secret, patent or claim by any person of any rights in any copyright, trade secret, or patent which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business, at your own expense.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We claim proprietary rights in our confidential information, which includes: teaching techniques, methods and formats; selecting locations, cost and pricing strategies, computer, software and product specifications; product knowledge, customer service standards, employee hiring and retention, vehicle graphic specifications, operational procedures, sales, marketing techniques, systems and knowledge of, and experience in, the operation and franchising of TechKnowHow® business (the "Confidential Information"). We will disclose Confidential Information to you during the our franchise training program, seminars, workshops, continuing education sessions and conventions sponsored by us; in our Pre-Opening Manual and Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

The Confidential Information is proprietary to us and is disclosed to you on the condition that you will (1) not use the Confidential Information in any other business or capacity; (2) maintain absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees of your Franchise and any other business(es) owned by you and any partner(s), and the use of nondisclosure and noncompetition clauses in employment agreements with your employees and Owners.

If you or your partners, members, officers, directors, managers, shareholders, employees, agents or independent contractors develop any programs, curriculum, products, new concepts, techniques, processes or improvements in the operation or promotion of your TechKnowHow® business, you must promptly notify us with all necessary related information, without compensation. As a matter of corporate policy, we may create an incentive program to reward you, your managing partners, managing members, officers, directors, managers, shareholders, employees, agents or independent contractors for any new programs, curriculum, products, concepts, techniques, methods, processes or improvements that we implement throughout the System. You and your Owners acknowledge that any such program, curriculum, product, concept, technique, process or improvement will become the property of us and we may use or disclose such information to other franchisees as it deems appropriate.

On termination of your agreement with us, you must return to us all Confidential Information, including but not limited to the Operations Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of Confidential Information. We have the sole right to decide the appropriate response to any unauthorized use of Confidential Information. You must comply with all changes to the Operations Manual at your cost.

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

The rights and duties created by your franchise agreement are personal to you or your owners, as applicable. We will grant a Franchise Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and/or your shareholders/members/other owners. As such, you must participate in the actual operation of the franchise business as follows:

You are required to retain a manager ("Supervisor") for the operation and management of your TechKnowHow® business. The Supervisor may, but need not, be you or one of the managing partners, members or shareholders of the Business. The Supervisor must meet all our standards and criteria for such position as set forth in the Operations Manual. The Supervisor need not have any set percentage of the equity of the franchised business.

During the term of the Franchise Agreement, you (if franchisee is an individual) or your approved Supervisor must devote full time and best efforts to the management of the business. You or your Supervisor must provide direct on-premises supervision to the business. You and your Supervisor must complete our training course. Your Supervisor need not have any equity interest in the franchisee. The use of a Supervisor in no way relieves you of your obligations to comply with the agreement and to ensure that your business is properly operated. You or your Supervisor must be at the business for any inspection or evaluation we conduct.

In all cases, all shareholders, officers, directors, partners, members and all managers and other employees having access to our Confidential Information must execute a non-disclosure agreement containing substantially the same protections as provided for in the form agreement contained in the Operations Manual. Your managers and supervisors and other employees receiving training from us must execute covenants not to compete in a form that we approve. You will provide us copies of the same upon request.

You may not employ any individual who is at the time or was at any time during the prior six months employed as an Instructor or in a managerial or administrative position by us or any of our affiliates or by another franchisee of ours without our prior written consent. As a condition to such consent, you may be required to compensate the former employer for the reasonable costs and expenses incurred by the employer in connection with the training of any replacement employee.

If you are a corporation, LLC or partnership, each shareholder, member or partner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement, agree to be bound by the confidentiality provisions and noncompetition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 4 of the Franchise Agreement.

All employees you hire or employ at your franchised business will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform

certain functions at your franchised business does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the franchised business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all of our standards and specifications relating to the purchase of all computers, software, products, supplies, apparel, vehicle graphics, smart phone, advertising and marketing materials, promotional items and other items to be used or offered in the Business (See Item 8).

You are required to conduct, offer and use only our approved after school, summer camp and special event programs; Curriculum, services and use specific products as expressly authorized by us in writing or in the Operations Manual, or developed by us. You may not deviate from our standards and specifications without first obtaining our written consent. Currently you are not authorized to sell any products. We have the unlimited right to change the types of programs, services, Curriculum and products we authorize. You may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products inside or outside your Territory without our written consent.

If a particular program or service we require you to offer does not do well in your Business, you may request in writing that the program or service be removed for your required program or service list. We will try to respond to your request within 30 days. If we do not respond in that period the request will be deemed disapproved.

You must discontinue offering any program or service, teaching any curriculum, using or selling any product that we may disapprove in writing at any time, whether a particular program, service, curriculum or product being submitted for approval or is currently in use.

Currently you are not authorized to sell any products, however we may allow you to sell products it in the future.

We will suggest pricing strategy and may establish minimum and maximum prices at which you may offer programs, provide services and sell products (if we authorize you to sell products in the future) to the extent allowed or not prohibited by federal and state laws. We may change the types of programs, services, curriculum and products we authorize. There are no limits on our right to do so.

You may not offer any services or products for sale not specifically approved by us in writing; and you may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products inside or outside your Territory without our written consent.

You must participate in any gift certificate or gift card program we establish. You may not create or issue your own gift certificates or cards unless otherwise approved by us.

You are prohibited from conducting after school, summer camp and/or special event programs outside your Territory without our prior written permission. You can provide programs, services and/or sell products (if applicable) to customers who live outside your Territory provided there is not another TechKnowHow® franchise or company-owned business in the area where the customer lives and you do so in accordance with our standards (see Item 12).

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term.	Section VII.A.	The term is 5 years
b. Renewal or extension of the term.	Section VII.B.	Your renewal right lets you remain a franchisee after the initial term if we still offer franchises. You must satisfy pre-conditions to renewal. If so, we will offer you the right to obtain up to two additional 5-year terms. You must sign our then-current form of franchise agreement for the renewal term. It may have materially different terms and conditions, including higher royalty and advertising contribution, from the agreement for your original term.
c. Requirements for franchisee to renew or extend	Section VII.B.	You give us written notice of your desire to renew between 6 months and 12 months before the end of the expiring term; you sign our then current form of franchise agreement; we are still offering franchises; you are not in default and satisfied your monetary and other obligations on a timely basis; you used best efforts to operate the franchised business to our satisfaction, you comply with our then-current training requirements; you upgrade, modernize, remodel and/or refurbish any rented office space and conform all vehicles to our then-current standards; you pay us a $2,500 renewal fee; and you sign a release. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by you.	Section XXIII.D.	You may terminate the Franchise Agreement only for a material breach by us. You must give us written notice of the breach and allow us 30 days to cure.
e. Termination by us without cause.	None	Not Applicable.
f. Termination by us with cause.	Section XXIII.	We can terminate if you breach a material provision of the Franchise Agreement or fail to open the business.
g. "Cause" defined - defaults which can't be cured.	Sections XXIII.B.	You have 72-hours to cure a violation of health or safety laws; 5-days to cure a failure to pay amounts owed; and 30 days to cure all other defaults.
h. "Cause" defined; defaults which cannot be cured.	Section XXIII.C.	Defaults that cannot be cured include, but are not limited to: abandonment; failure to complete training; repeated failure to timely submit required financial documents; repeated failure to pay fees when due; operation of business in violation of applicable law, rule, regulation or ordinance; failure to operate business; surrender or loss of control of business; misrepresentation or omission in application; felony

Provision	Section in Franchise Agreement	Summary
		conviction; unauthorized assignment; improper assignment upon death or disability; unauthorized use of Confidential Information; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; bankruptcy; quota repeated violations.
i. Your obligations on termination / non-renewal	Section XXIV.	Obligations include: Cease operating franchised business; cease using Confidential Information and Marks; stop using our software; destroy material, information and data related to or generated by use of the software unless we instruct otherwise; return to us all Confidential Information and property containing the Marks; transfer or cancel assumed or similar name registrations, domain names and websites; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants.
j. Assignment of contract by us.	Section XXII.C.	No restriction on our right to assign.
k. "Transfer" by you-definition	Section XXII.B.	Includes transfer of the contract and business assets by you or any ownership change listed in Section XXII.B of the Franchise Agreement.
l. Our approval of transfer by you.	Sections XXII.B. and XXII.E.	We have the right to approve transfer by you.
m. Conditions of our approval of transfer.	Sections XXII.C and XXII.E.	Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents including a release.
n. Our right of first refusal to acquire your business.	Sections XXII.C and XXII.E.	We have the right to match any offers.
o. Our option to purchase your assets upon termination or non-renewal.	Section XXIV.G	Purchase for lesser of cost or fair market value, or terms in an offer from a bona fide third party purchaser.
p. Your death or disability.	Section XXII.D.	The interest of the affected party in the Franchise must be transferred to an approved third party within 6 months from the date of death or mental incapacity. If the interest is not transferred to an approved third party within this period, we may terminate the agreement.
q. Non-competition covenants during the term of the Franchise.	Sections XIX.B and XIX.C.	No direct or indirect involvement in any competitive business anywhere within 25 miles of any company-owned business or other franchise.
r. Non-competition covenants after the franchise is terminated or expires.	Section XIX.C	No interest in competing business for 3 years within 25 miles of any company-owned business or other TechKnowHow franchise.

Provision	Section in Franchise Agreement	Summary
s. Modification of the Agreement.	Section XXV.J.	No modification except by written agreement. Operations Manuals and Marks are subject to change.
t. Integration / merger clause.	Section XXV.K.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Agreement is intended to disclaim any representations made in the franchise disclosure document.
u. Dispute resolution by arbitration.	Section XXV.E.	Except for certain claims, disputes must be arbitrated in San Mateo County, California (subject to State law).
v. Choice of forum.	Section XXV.G.	For any claim not subject to arbitration, litigation must be in San Mateo County, California (subject to state law) or the United States District Court, Northern District of California.
w. Choice of law.	Section XXV.H.	California law applies (unless prohibited by laws of state where Franchise is located).
x. Liquidated Damages	Section XXIV.H.	If Franchise Agreement is terminated prior to its expiration date, you pay Royalty fees and System Advertising fees based on average royalty and system advertising fee payments made to Franchisor over the prior twelve months for either (i) the remaining term under the original (or renewal) term; or (ii) three (3) years whichever comes first.

Item 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise, however, we reserve the right to do so in future marketing campaigns.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bob Mancini, 553 Pilgrim Drive Suite D, Foster City, California 94404 (650) 638-0505, or the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary
For Fiscal Years 2014 thru 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised				
	2014	**0**	**1**	**+1**
	2015	**1**	**1**	**0**
	2016	**1**	**1**	**0**
Company- Owned				
	2014	**1**	**1**	**0**
	2015	**1**	**1**	**0**
	2016	**1**	**1**	**0**
Total Outlets				
	2014	**1**	**2**	**+1**
	2015	**2**	**2**	**0**
	2016	**2**	**2**	**0**

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2014 thru 2016

State	Year	Number of Transfers
All States		
	2014	0
	2015	0
	2016	0

Table 3
Status of Franchise Outlets
For Fiscal Years 2014 thru 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California								
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Washington								
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Totals								
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

Table 4
Status of Company-Owned Outlets
For Fiscal Years 2014 thru 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California							
	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Totals							
	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1

* "Company-owned Outlets" includes the non-franchised Business owned and operated by us, the Franchisor. This Business is not part of the Franchise System. It may be sold to others or to a franchisee in the future.

** Our fiscal year end is December 31. As of December 31, 2016; our affiliate operated one non-franchised business at the location listed below:

TechKnowHow®
553 Pilgrim Drive Suite D
Foster City, California 94404

Table 5
Projected New Franchised Outlets
Fiscal Year as of December 31, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
California	0	1	0
All Other States	0	0	0
Totals	**0**	**1**	**0**

A list of the names of all Franchisees and the addresses and telephone numbers of their TechKnowHow® business are listed as Exhibit G to this Disclosure Document. A list of the name and last known home address and telephone number of every Franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2016 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit H.

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

At this time, there are no previously owned TechKnowHow® franchised outlets for sale.

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 franchised system.

At this time there are no trademark specific franchisee organizations representing TechKnowHow® franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

Item 21
FINANCIAL STATEMENTS

Our audited financial statements for the period from January 1, 2016 through December 31, 2016, January 1, 2015 through December 31, 2015, and January 1, 2014 through December 31, 2014, are attached to this Disclosure Document as Exhibit I. Our fiscal year end is December 31.

Item 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts: Franchise Agreement (Exhibit A) and Option Agreement (Exhibit F).

Item 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document as Exhibit J. Please return one signed copy to us and retain the other for your records.

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Between

TKH Franchising, Inc.

and

_____

Franchisee

FRANCHISE AGREEMENT

Between

TKH Franchising, Inc.

553 Pilgrim Drive Suite D
Foster City, CA 94404
Direct: (650) 638-0505
Toll Free (877) 424-2996
Fax: (650) 292-2256
Web: www.TechKnowHow.com

and

_____

_____

_____

Collectively referred to as "Franchisee

Lego® is a registered trademark of The LEGO Group of companies which does not sponsor, authorize or endorse the TechKnowHow® franchise

TKH Franchising, Inc.
FRANCHISE AGREEMENT

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TKH Franchising, Inc.
FRANCHISE AGREEMENT

PARTIES

THIS FRANCHISE AGREEMENT ("Agreement") is made by and between TKH Franchising, Inc., a California corporation, hereinafter known as "we," "us," "our" or "Franchisor" and the person or entity named above, hereinafter known as "you" or "Franchisee." If Franchisee is an entity, "Franchisee" shall include all persons owning an interest in the entity and all guarantors of Franchisee. To evidence the agreement and understanding between the parties the following is provided:

RECITALS

WHEREAS, Franchisor has the right to license a system or business program, including expertise for conducting and operating a business under the mark TechKnowHow® and design; and

WHEREAS, Franchisor is the exclusive owner of certain trade names, trademarks, logos, tag lines, service marks and other property in connection with the operation of a TechKnowHow® business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system ("System") for the establishment and operation of businesses offering onsite engineering and technology-based programs for children and teens; and

WHEREAS, Franchisor authorizes for use, the TechKnowHow® trade name(s), mark(s) and the stylized logo, emblems for a service-oriented business operating as a mobile business that uses proprietary curriculum to teach children and teens how to design, build and construct technology-based projects conducted at after school, summer camp and special event programs (hereinafter referred to as "Services") at any TechKnowHow® franchised location and other locations at Franchisor's discretion (hereinafter referred to as the "Franchise" or "Business"); and

WHEREAS, Franchisor has devised a uniform system developed to offer after school programs, summer camps and special event programs (such as in-school workshops, weekend programs and birthday parties) for children and teens that feature interactive instruction teaching technology and engineering skills. All programs are themed using our proprietary curriculum ("Curriculum") and are geared towards applying various principals of science to create, design and build technology-based projects. A TechKnowHow® franchise is home-based and will offer a variety of supervised activities onsite that include, but are not limited to: Building structures, vehicles and using LEGO® products including motors, gears and battery packs; Designing robots and programs to run them using LEGO® products; Designing 2D and 3D games for computers and mobile devices; Teaching programming

through game design, art and animation projects; Teaching electronics through projects which use circuit components and performing various science demonstrations to complement our Curriculum which will be provided to all franchisees. TechKnowHow® takes the guess work out of finding the right extracurricular program for children and teens that encourage intellectual growth along with the development of technical, problem-solving and teambuilding skills. Additional programs, activities and services are customizable as a Franchisee may also offer: daytime programs for pre-school age children, fundraising programs, scouting workshops, sale of LEGO® products, LEGO® building contests, community building projects and other types of technology and science related products, programs and services approved by us.

WHEREAS, We identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark "TechKnowHow®**" or "TechKnowHow Kids**" and such other trade names, service marks, trademarks and trade dress as are now designated (and may in the future be designated by us in writing) for use in connection with the System (the "Names and Marks"); and

WHEREAS, We continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under our System, and to represent the System's high standards of consistent quality, appearance, and service; and

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, Franchisee desires to obtain a franchise from Franchisor for the right to use the Names and Marks and the expertise for operating a TechKnowHow® franchised business, and to obtain the benefits and knowledge of Franchisor's System including, but without limitation, Franchisor's various programs, Curriculum, teaching formats, methods and strategies; product specifications and knowledge, strategies for selecting locations, cost and pricing guidelines, operational procedures, customer service standards, employee hiring and retention, our website, advertising, marketing and promotional materials, sales techniques, bookkeeping and accounting methods, and in general a style, method and procedure of business operation utilizing the Names and Marks as a Franchisee of Franchisor; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor, and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties hereto, intending to be legally bound, agree as follows:

RECITALS

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee represents that Franchisee conducted an independent investigation of Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend on Franchisee's abilities as an independent businessperson. Franchisor disclaims the making of, and Franchisee acknowledges it has not received any, warranty or

guarantee, express or implied, as to the potential volume, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor advised Franchisee to have this Agreement reviewed by an attorney. Franchisee releases Franchisor, its affiliated companies and agents from liability based on such representations or agreements, to the extent permitted by law.

Franchisee acknowledges that Franchisor has not made, and does not make, any representation or warranty as to potential revenues, income, profits, volume or success of the Franchise or merchantability, performance, condition, fitness or suitability for Franchisee's purposes of any component of the System, or any other representation or warranty with respect to the System. Franchisor shall not be liable to Franchisee for, nor shall Franchisee's obligations be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the Business, or any loss of business, profits, consequential or other damage of any nature.

II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document, Exhibits, and attachments. Franchisee acknowledges that Franchisor provided Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of Franchisee's own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges it received a completed copy of this Agreement, attachments or schedules ("Schedules") referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document, at least 14 calendar days prior to the date on which this Agreement was executed and any money paid for the franchise.

Franchisee acknowledges that it read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee was advised to consult with an attorney or advisor of Franchisee's own choosing about potential benefits and risks of entering into this Agreement.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties and obligations we have made are those stated in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee to conduct after school, summer camp or special event programs, will not provide financial assistance to Franchisee and we have made no representation that we will buy back from Franchisee any computers, products or supplies purchased by Franchisee in connection with the Business.

III. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

We do not make or present and have not prepared Financial Performance Representations and have not made them as an exhibit to the Franchise Disclosure Document.

Franchisee, and each party executing this document, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor made, and Franchisee has not received or relied on, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "Financial Performance Representations"), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

IV. RELATIONSHIP OF THE PARTIES

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its employees.

B. Franchisor Is Not In A Fiduciary Relationship With Franchisee

It is understood and agreed by the parties that this Agreement does not establish a fiduciary relationship between them, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, Franchisor shall not have any fiduciary relationship to Franchisee by virtue of the facts that Franchisor may operate a System Advertising Fund (as defined in Section X.B of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes Franchisee, and Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Business or for any claim, liability or judgment arising therefrom against Franchisee or Franchisor.

Franchisee represents, warrants and agrees as follows: Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated , which are, or on signing, will be binding on Franchisee, do not and will not contravene any other instrument or agreement to which Franchisee is party and there is no pending litigation, tax claim, proceeding or dispute that may adversely affect Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section XII.F).

V. FRANCHISE GRANT

Franchisor grants to Franchisee, on the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee accepts a franchise under the terms and conditions set forth herein for the right to operate a Business that has been assigned a protected territory as set forth in Section VI, with the right to use solely in connection therewith Franchisor's Names and Marks, Services, products, its advertising and marketing methods, and Franchisor's System, as they may be changed, improved and further developed from time to time only in the accepted territory set forth in Section VI and provided Franchisee shall adhere to the terms and conditions hereof.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a TechKnowHow® Franchise, provided that Franchisee shall not violate any applicable law, regulation, or provision of this Agreement in exercising such discretion.

VI. TERRITORY

The Franchise Business shall be: within the State of _____ in the county(ies) of _____, and the zip codes numbered:

_____._____._____._____..._____._____.
_____._____._____._____..._____._____.
_____._____._____._____..._____._____.
_____._____._____._____..._____._____.

The estimated population for the above zip codes is: _____

The specific location at which the office for your Business shall be located is:
_____

If the parties do not select a territory (area in which franchise wants to conduct after school, summer camp and special event programs) prior to signing this Franchise Agreement, then it shall be entered at a later date, under the terms of this Agreement. The territory, under the terms of this Agreement, is a defined population of as much as 300,000 people which means it could be less. We reserve the right, in our sole discretion, to change, modify or grant a territory that is larger or smaller than the population described above, in order to account for more densely or sparsely populated areas. Franchisor will determine the territory and the territory must be approved by Franchisor before opening for business. We will determine the population of the territory based on the most recently published data from the U.S. Census Bureau (or such other source we may indicate to you). The territory includes the specific location where the Business is based (referred to as "Premises").

The term "Premises" means the location or locations of the Business from which one or more of the following are being performed:

a) The storage of any computers, products, supplies and/or vehicles used in association with the TechKnowHow® business;

b) Where employees might meet at the beginning of the day before they perform after school, summer camp or special event programs;

c) Franchisee maintains one or more of the following: a telephone, fax, email or postal address of the Business at this location;

d) Franchisee advertises the address, telephone, fax or email address or any other contact information for the location;

e) Franchisee keeps accounting records for all or any part of the Business; and

f) The location is responsible for or generating more than 50% of the Gross Revenues (Gross Revenue is defined in Section X.A) for the Business.

If not determined when this Agreement is executed, Franchisee is responsible for selecting the site for the Premises within the designated Territory specified above and in accordance with this Agreement.

The size of the territory (as described above), will be determined by zip codes, population, business potential (such as: number of public and private schools, universities, recreation centers, community centers, camp grounds and other such venues are in the area), average household income, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The boundaries of the protected marketing territory described above is determined by: zip codes, population base, density of population, growth trends of population and major topographical features which clearly define contiguous areas such as: rivers, mountains, major freeways and underdeveloped land. We determine the protected territory, which is described above ("Territory"). Franchisee shall not relocate a TechKnowHow® business that has been assigned a territory, without our express prior written consent (specified in Section XXII.A). The protected Territory is not dependent on achieving of certain sales volume, number of programs Franchisee must conduct or session size, market penetration or any other contingency and will not be altered for any reason.

Franchisee must operate the Business, provide all Services and conduct all after school, summer camp and special event programs within the Territory at locations Franchisee selects that are accessible to the general public and after obtaining the approval and/or permits necessary to conduct sessions at such locations (if applicable). However given unique circumstances, Franchisee may be able to conduct after school, summer camp and special event programs in geographic areas outside the Territory (geographic areas that adjoin the Territory) with Franchisor's written consent. Whether the other geographic area is assigned to another franchisee or company-owned business or if it is unassigned, Franchisor shall approve or deny Franchisee's request to conduct sessions in the other geographic areas, which approval is in Franchisor's sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor does not respond to Franchisee's request within that thirty (30) day period, Franchisee's request shall be deemed to be denied. If Franchisor approves Franchisee's request to conduct after school, summer camp and special event programs in geographic areas outside the Territory, and if the geographic area is unassigned, Franchisor reserves the right to sell or assign it, or part of that geographic area, at any time, without notice to another franchisee and Franchisee may not have the right of first refusal or option to buy the territory that was formally unassigned. If the other geographic area where Franchisee wants to conduct after school, summer camp and special event programs is assigned to another franchisee or company-owned business, Franchisor will communicate with the other franchisee or company-owned business to determine if there is a conflict of interest and will respond to Franchisee's request as outlined above. Other franchisees and company-owned businesses reserve the same option to conduct after school, summer camp and special event programs within Franchisee's Territory provided Franchisor has granted permission. Franchisor shall use commercially reasonable efforts to deal with any franchisee and company-owned business that violates this policy.

During the term of this Agreement, Franchisor shall not establish or license another party or entity (including self or our affiliate) to establish, a TechKnowHow® business within the Territory. If Franchisee decides to open additional Businesses and buys the rights to additional Franchises, then those separate franchise agreement(s) will state the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement).

The Premises in which Franchisee must operate the Business may or may not be within the specific Territory identified in Section VI. If Franchisee chooses to operate from an office, Franchisor must approve the location of the office for the Business within the Territory in writing prior to opening. Franchisee may not conduct business at any other Premises including any business other than a TechKnowHow® Business within the Territory stated in this Agreement, or made part hereof by an addendum attached to this Agreement.

Franchisee may provide Services and sell products (if, in the future, we authorize Franchisee to sell products) to customers who live outside Franchisee's Territory if there is not a TechKnowHow® franchise or company-owned business in that geographic area as long as such services and/or sales do not result from any direct solicitation activities by Franchisee and Franchisee must be prepared to refer that customer to another franchisee when that unassigned area is purchased. To clarify, Franchisee is prohibited from soliciting and marketing in general to consumers by any means outside Franchisee's Territory and cannot perform any "Target Marketing" into any other Territory of another franchisee. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain customers through any type of advertisement or marketing directed at all or a portion of another franchisee's territory, company-owned business or unassigned area. Franchisee acknowledges that Franchisee cannot perform any type of Targeted Marketing outside Franchisee's Territory.

If Franchisee is asked to provide Services to customers outside of Franchisee's Territory in which there is another franchisee, Franchisee must immediately refer the request to the TechKnowHow® franchise in that geographic area or to us. If the other TechKnowHow® business (whether a franchise or company-owned or affiliate-owned business), determines, and notifies Franchisee in writing, that it is in the best interest of the customer for Franchisee to provide the requested Services, Franchisee can service the customer who lives in the other government area. Franchisor and other franchisees or company-owned or affiliate-owned business must refer customers that live within Franchisee's Territory to Franchisee and also reserve the same right to provide Services to customers who live within Franchisee's Territory if it is determined in writing to be in the customer's best interest. If there is not a TechKnowHow® franchisee or company owned business in the geographic area, then Franchisee can provide Services to that customer as described above. However, Franchisee must be prepared to refer the customer to another franchisee when the unassigned area is purchased.

If during the Term of this Agreement Franchisee is unable to promptly and properly provide Services to customers due to excessive work or any other cause, Franchisee must refer that customer to another franchisee or to us. If Franchisee fails to refer customers as described herein, Franchisor will have the right to terminate this Agreement, as described in Section XXIII.C of this Agreement. For any default of this Agreement which triggers Franchisor's ability to terminate, as an alternative to termination, Franchisor will have the right, in its sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the Territory, effective ten (10) days after delivery of written notice to Franchisee.

Franchisee acknowledges that it is in Franchisee's best interest to refer prospective customers to other franchisees in TechKnowHow® system or us when, because of distance or excessive work, or for

other reasons, Franchisee cannot promptly, properly and profitably service such customers. Franchisee agrees not to undertake any work that Franchisee is not capable of performing promptly and properly. If Franchisee is prevented by the terms of this Section VI from accepting more customers, Franchisee will refer such prospective customers to one or more other franchisees who are closest to those customers not being served or to Franchisor. For any referral provided to franchisees by Franchisor, Franchisee will not be required to pay any type of referral fee.

We encourage TechKnowHow® franchisees to work out a referral relationship and advertising strategy if they are within close proximity of each other (defined as being within a ten (10) mile radius of each other). Franchisor must be notified in writing of all such arrangements and shall have the right to disapprove such arrangements and Franchisee shall not cooperate in any such arrangements that Franchisor disapproves.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby TechKnowHow® franchisees will be permitted to offer Services and products (if, in the future, we authorize Franchisee to sell products) in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

a) The term "National Account" means a special class of customers which may include but is not limited to large businesses, national organizations or non-profit organizations with outlets in multiple territories, and government agencies, who on their own behalf or through agents, franchisees or other third parties own, manage, control or otherwise have responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory, regardless of the aggregate contract amount of the services Franchisee wishes to perform. Any dispute as to whether a particular customer is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;

b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing the proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to use the facilities of a National Account or to provide Services and offer products (if applicable) to National Account customers, including any affiliate, company owned or franchised locations within the Territory;

c) Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates using its facilities or providing Services and/or products to one or more National Account customer location within the Territory, we will, if Franchisee is qualified and conditioned on the terms of this Agreement and any addendum, provide Franchisee the option to use the facilities or perform such Services and/or provide products (if applicable) pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;

d) If Franchisee elects not to use the facilities, perform Services and/or provide products to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:

i. Provide directly or through any other affiliate, franchisee or company-owned business utilizing our proprietary Marks, Services and/or products to the National Account customer location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

ii. Contract with another party to perform such Services and/or provide products to the National Account customer location(s) within the Territory on the terms and conditions in the National Account bid or contract between us and the National Account customer, utilizing our proprietary Marks or any trademarks, service marks or trade names.

e) Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Services or products to National Account customers as authorized in (i) above, nor if we contract with another party to perform such Services and/or provide products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the Territory, even if such Services are performed and/or such products are delivered from a location within the Territory. Franchisee disclaims any compensation for Services performed or products provided by others in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on any specific location, operation, or otherwise of present or future TechKnowHow® (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products (if applicable) to customers within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services and/or products, in which we or any Franchisor-related persons or entities may be involved, now or in the future.

We, our affiliates, and anyone else we my designate, reserve the right to:

1) Own and/or operate ourselves, and/or authorize others to own and/or operate:

a) Any kind of business in the Territory, which is not substantially similar to a TechKnowHow® business, whether or not using TechKnowHow® Marks and System; and

b) Any kind of business outside the Territory, including, without limitation, TechKnowHow® businesses, whether or not using TechKnowHow® Marks and System;

2) Advertise, sell or distribute TechKnowHow® brand (or any other brand) products (whether or not competitive), Curriculum, programs and Services to customers located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, education supply centers, discount club chains, retail stores or other similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets or over the Internet) other than a TechKnowHow® Business located in the Territory.

3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using TechKnowHow® System and/or the Marks, and

award franchises under such other concepts for businesses located and/or operating anywhere.

4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with businesses located anywhere. Such transactions may include (but are not limited to) arrangements involving competing businesses and brand conversions (to or from TechKnowHow® Marks and System). You agree to participate at your expense in any such conversion as instructed by us.

5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, sell and offer Services and/or products through the Internet, World Wide Web and other similar venues (no matter where the customer is located) to promote the System. The Internet is a channel of distribution we reserve to ourselves exclusively, and Franchisee may not independently market on the Internet or conduct e-commerce without our prior written consent.

6) Acquire any Websites utilizing a domain name incorporating one or more of the the following words: technology, tech, know, how, Lego, kids, bricks, building or programming, or other words. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). Franchisee shall not establish a Website on the Internet using any domain name "TechKnowHow" and "TechKnowHowKids" or any variation thereof. Franchisee acknowledges that we have all right, title and interest in and to such domain names, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors (as described in Section X.C); (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our Website and other Websites; and (vi) Neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Franchisee shall monitor its employees to avoid them making any such postings. We retain the right to pre-approve Franchisee's use of linking and framing between Franchisee's website and all other Websites. Franchisee shall within five (5) days, dismantle any blogs, frames and links between Franchisee's web pages and any other Websites, if and as requested by Franchisor.

Franchisor may provide Franchisee, subject to certain terms and conditions, with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee's Territory may be altered during the initial term only by mutual consent in writing from both Franchisee and Franchisor, except at time of transfer or renewal.

VII. **TERM AND RENEWAL OF AGREEMENT**

A. Term

The franchise shall be for a term of five (5) years commencing from the date of execution and acceptance (the "Effective Date") of this Agreement by us and subject to earlier termination as herein provided.

B. Renewal

Franchisee shall have the option to renew this Agreement for up to two additional terms of five (5) years each, provided we are still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more that twelve (12) months and not less than six (6) months prior to the end of the then current term;

2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the franchise if: (a) Franchisee failed to use best efforts to operate the franchised business to our satisfaction; (b) the franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees or (f) Franchisee is in default of this Agreement;

4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, if any, and shall have timely met these obligations throughout the previous term;

5. Franchisee shall execute, before the renewal term, our then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement (and in accordance with this Agreement's grant of options for two renewals, will be modified to provide thereafter for one further 5-year renewal). Franchisor will charge Franchisee a flat renewal fee of $2,500 for the population of the area outlined in Section VI, or Territory, above;

6. Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

7. Franchisee must execute a general release, in a form prescribed by Franchisor as described in Section XXIII.D of this Agreement, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws.

8. If Franchisee opens an office space for the Business, Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) and maintain all vehicles in order to meet our then-current standards. Graphics, signage and all computers located at the Premises must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

VIII. FRANCHISEE'S INITIAL INVESTMENT

Franchisee's initial investment will vary depending on the location, time of year when Franchisee starts business, number of programs Franchisee offers, if Franchisee hires instructors, if Franchisee purchases a vehicle, if Franchisee leases office space, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee certifies that he or she reviewed the estimated initial investment and start-up costs detailed in the Franchise Disclosure Document, and has more than sufficient cash resources available to meet said expenses and additional expenses if incurred. These start-up costs include the franchise fee.

IX. INITIAL FRANCHISE FEE

A. Time Limit for Starting Business

Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII and other applicable provisions hereof, and must open the franchise for business (the "Opening") within sixty (60) days of the date of execution of this Agreement (the "Opening Date"). The Opening is defined as the day after Franchisee completes our initial training program and Franchisee is actively offering the services pursuant to this Agreement. Prior to the Opening, it is Franchisee's responsibility to obtain all necessary business licenses and certifications needed to perform Services. Franchisee, its Owners or any non-Owner manager, approved by us, who will manage the Business and/or instruct after school, summer camp or special event programs are encouraged (but not required) to obtain CPR and First Aid certifications prior to Opening. Franchisor may grant Franchisee one sixty-day (60) extension past the allotted time within which to open Franchise for business. On failure to adhere to such standards Franchisor may, at its sole discretion, terminate Franchise and return all fees paid less all of its expenses and cost, but otherwise without breach of the Agreement (Section XXIII.C).

The initial Franchise Fee is fully earned on payment, and is allocated to training and other services to be rendered to Franchisee before opening. The franchise fee is nonrefundable. If Franchisor and Franchisee cannot agree on a Territory within sixty (60) days of the Effective Date of this Agreement, Franchisor may terminate, in its sole discretion, the Franchise Agreement and return the initial Franchisee Fee, less all of its expenses and costs, but otherwise without breach of the Agreement (Section XXIII.C).

During the term of this Agreement, the accepted Territory shall be used exclusively for the purpose of operating a franchised TechKnowHow® business. In the event the Premises shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Premises within thirty (30) days from the date of such casualty or notice of such government requirement (or such lesser period as shall be designated by such government requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later

than ninety (90) days from the date of such casualty or requirement of such government notice. The minimum acceptable appearance for the restored Premises will be that which existed just prior to the casualty; however, every effort should be made to have the restored Premises include the then-current image, design and specifications of a TechKnowHow® business.

Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Premises from any cause whatsoever or requisition of the Premises by any government entity or the taking of title to the Premises by eminent domain or otherwise (collectively, "**Loss**"). Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Premises (in our reasonable Business Judgment), require that Franchisee, on our demand, place the Premises in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss materially impaired the Premises and/or the Premises is substantially destroyed (in our sole judgment), we may require Franchisee to repair the existing Premises or find an alternative location within the Territory within thirty (30) days. Franchisor may extend this period an additional thirty (30) days at its discretion and failure of Franchisee to comply may result in termination of this Agreement. Franchisee shall be relieved of all obligations under this Agreement, and Franchisee must return to us the System (including all materials) and Franchisor has the first right of refusal to purchase all Assets (as described in Section XXIV.G).

Except as expressly provided herein or any other agreement is executed, this Agreement includes no right of Franchisee to sub-franchise.

B. Cooperation Required

Franchisee shall cooperate reasonably with Franchisor to ensure that the various actions occur, which is necessary to obtain acceptance by Franchisor of the Premises. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by Franchisor regarding Franchisee's business and finances.

C. Initial Franchise Fee

By executing this Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of $20,000 for a TechKnowHow® business. This Initial Franchise Fee includes an exclusive license to operate a TechKnowHow® Franchise with a protected territory that serves a population of up to 300,000, determined by zip code and census (as described in Section IV of this Agreement). The Initial Franchise Fee includes an affiliate regional website housed within the national website, our five (5) day initial training program, manuals and up to three (3) days of on-site assistance and guidance.

D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional TechKnowHow® businesses, we may in our sole discretion, grant Franchisee a license to operate additional Businesses for a reduced Franchise Fee of $10,000 per each additional Business subject to the payment of an option discussed elsewhere in this Agreement. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; and (b) Franchisee must execute our then-current franchise agreement. Any such additional franchise granted at this reduced fee will be pursuant to a separate Franchise Agreement, and is not granted by this Agreement.

E. Total Initial Franchisee Fee and Payment

The Total Initial Franchise Fee per this Agreement is due on execution of the Agreement, and the receipt of which is acknowledged by us for Franchisee's exclusive license to conduct business in the Territory noted in Section VI of this Agreement.

The Total "Initial Franchise Fee" shall be as follows:

$20,000 The Initial Franchise Fee for a TechKnowHow® business for a protected Territory of up to 300,000 persons.

The Initial Franchise Fee is nonrefundable. The Initial Franchise Fee shall be paid in a lump sum in U.S. funds and shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to franchise others, except as follows: (a) as described above in Section IX.A and (b) Franchisor will refund the Initial Franchise Fee less its demonstrated expenses without interest if during the initial franchise training program Franchisor determines, in its sole discretion, that Franchisee (its Owners or non-Owner manager) are not qualified to manage a TechKnowHow® Franchise.

X. OTHER FEES

A. Royalty Fees

Franchisee shall pay to Franchisor a monthly Royalty Fee of 6% of total Gross Revenues or $200 per calendar month, whichever is greater, based on Franchisee's Tenure Month that begins immediately after the initial training is completed and continues for the term of this Agreement. "Tenure Month" shall be defined as starting the calendar month in which initial training is completed and is used as the baseline for each calendar month thereafter. If the initial training is completed on the 15th of the month or any time thereafter, then Franchisee's Tenure Month will start at the beginning of the following month. The Royalty Fee is due on the 10th day of each month (for the prior month) and is to be received as Franchisor specifies in writing. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H. The Royalty Fee is uniform as to all persons currently acquiring a TechKnowHow® Franchise, and is nonrefundable.

As used in this Agreement, "Gross Revenue" shall include all revenue from the performance of services and sale or rental of all products in, at, on, about, through or from the Business, whether for cash, credit or barter and regardless of collection in the case of credit, and income of every kind and nature related to the Business including insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Revenue" shall not include gratuities paid by customers to employees of the Business, revenues from sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to and actually paid over to the appropriate taxing authority, (provided the retail value of any complimentary services or trade-outs from Gross Revenue is limited to a maximum of 2% of Gross Revenue in the aggregate), and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Revenue. The sale and delivery of Services and products other than from the Premises is by our written approval only. Should we approve such sales in writing, these sales will be included in computing Gross Revenue.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us, in addition to the overdue amount, a flat fee of $25 plus interest on such amount from the date it was due until paid at the rate of 1.5% per month or the maximum rate allowed by the laws of the State in which Franchisee's business is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.

B. System Advertising Fee

Franchisee will pay a System Advertising Fee equal to 1% of Franchisee's Gross Revenues for the previous calendar month starting on Franchisee's first (1st) Tenure Month and continues for the term of the Agreement. The System Advertising Fee can be increased by us and such increase will not exceed 3% of Franchisee's Gross Revenues in any calendar year for the term of this Agreement. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Advertising Fee is to be received by Franchisor on or before the 10th day of each month for the prior month. This fee will be deposited into our System Advertising Account (the "Fund") for ongoing technology, new programs, Curriculum and product development; and such national advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark TechKnowHow®. The Fund may also be used for local Franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs.

Franchisor may disclose the identity of vendors who pay promotional allowances to Franchisor on request and only after Franchisee's signing an appropriate non-disclosure agreement. If Franchisor requires Franchisee to buy items from a vendor who pays these allowances, Franchisor may do one or more of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees Franchisor receives from purchases that are not required to be made from a specified source. Franchisor is not obligated to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither Franchisor nor any of its members has any fiduciary duty to Franchisee regarding any System Advertising Account.

Franchisee's failure to pay required advertising contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. Franchisor may delete Franchisee from advertising or marketing without notice if Franchisee fails to timely remit its System Advertising Fee.

C. Local Advertising

Franchisee shall spend a minimum $350 per calendar month or a minimum of $2,100 every six (6) calendar months for local advertising and promotion, in addition to payment of the System Advertising Fee required above. Franchisor may reduce the amount of Franchisee's minimum local advertising requirement after Franchisee's second full year of operation, on written approval and at Franchisor's sole discretion. Franchisor shall have the right to approve or disapprove any advertising proposed for use by Franchisee. Franchisee will spend at least $1,800 on "grand opening" marketing and

promotion on "grand opening" marketing and promotion within three (3) months of opening which will substitute for the obligation to spend $350 per month beginning after three (3) months from opening for local advertising, as indicated above. Franchisee may choose to place advertisements in the yellow pages of Franchisee's local major telephone directories in the format as specified in the Operations Manual. Franchisee must provide confirmation of white page listing to Franchisor. Cost of yellow page advertising may be included as part of Franchisee's local advertising requirements as specified in Section X of this Agreement.

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of Franchisor as set forth in our Operations Manual or otherwise designated by Franchisor. Such advertising may include but is not limited to: Any telephone, email, Internet, domain name, electronic network, directory and listings of the Business per our written approval. All items mentioned are Franchisor's property and on termination will revert to Franchisor. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with Franchisor's prior written approval. Franchisee shall obtain Franchisor's prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to Franchisor (by personal delivery, through the mail with return receipt if requested or any method Franchisor prescribes). Franchisee shall not use such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans and material on the request of Franchisor. Any plans or materials submitted by Franchisee to Franchisor, which have not been approved or disapproved in writing, within thirty (30) days of receipt, by Franchisor, shall be deemed not approved.

Franchisee will not independently advertise or promote in any media (including on any Website as defined in Section VI) without Franchisor's prior written approval, except when using materials previously approved by Franchisor. Franchisee must submit a request to Franchisor for any type of Website promotion in addition to any edits, changes or updates to Franchisees website and all such edits, changes or updates must be performed by Franchisor, its affiliates or approved vendors. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in at its own expense and cooperate with all advertising and promotional programs Franchisor or any advertising group of franchisees selects, including any franchise marketing council Franchisor may implement. Franchisee is not required to follow or maintain any sales price, except that Franchisor will set minimum and maximum prices and will suggest prices, to the extent allowed by law.

D. Electronic Funds Transfer

Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer or other similar means utilizing a Franchisor approved computer system or otherwise. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents including authorization, the attached Schedule 1 "Authorization Agreement For Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest and

related processing fees charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to Franchisor (as defined in Operations Manual) for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to Franchisor as required hereunder or (b) the amount due based on information retrieved from Franchisor's approved computer system.

E. Software Fee

Franchisee is required to use specific registration software for the management of the Business. The software is a program that allows Franchisee's customers to register and pay for programs online as such functionality will be part of Franchisee's website and necessary for the operation of the Business. The software must be set up prior to Opening of the Business. Currently, 4% of all online student registration revenue is paid to a third party organization which oversees the online registration system. This includes a credit card processing fee charged to you by the credit card companies. The current fee for ongoing training and support of the software is $400 per year. It is Franchisee's responsibility to install and upgrade the software for the Business. Franchisor may change the software requirements, at its sole discretion, and Franchisee shall have ninety (90) days after receipt of Franchisor's written notice within which to adhere to the new software requirements at Franchisee's expense, without any liability to Franchisor. If Franchisee fails to comply with Franchisor's new software requirements within the timeframe mentioned above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

F. Cost, Expense and Damages Reimbursements.

Franchisor shall be entitled, in addition to other remedies available to Franchisor, to reimbursement and/or recovery from Franchisee of costs, expenses and/or damages incurred or suffered by Franchisor, in the following circumstances: (i) Franchisee shall bear the cost of inspections provided in Section XII(10) if Franchisor determines, from review of the Premises, that business operations do not conform to Franchisor's standards or if product samples do not conform to Franchisor's specifications; (ii) if Franchisee does not provide customers with satisfactory service or fails to resolve complaints when registered or violates operating standards or this Agreement, and, as provided in Section XII(H), Franchisor completes the services; (iii) if Franchisee is not in compliance with this Agreement or the System and Franchisor incurs costs for programs to verify customer satisfaction and/or Franchisee's compliance with operational and other aspects of the System (as provided in Section XII(H)); (iv) Franchisor provides management of Franchisee's business, pending assignment on Principal's death or disability, as provided in Section XXII(D); (v) Franchisor provides assistance in locating a buyer for the business as provided in Section XXII(F); (vi) Franchisor incurs attorneys' fees and/or court costs in obtaining specific performance of, or injunctive relief against violation of this Agreement or to enforce this Agreement; and/or (vii) as provided in Section XXIV(H) in the event of termination of this Agreement before its expiration date, and in this circumstances Franchisor's recovery shall consist of an amount equal to Royalty and System Adverting Fee payments Franchisor would have received, had this Agreement remained in effect until its scheduled expiration date, according to the formula in Section XXIV(H)).

XI. FINANCING ARRANGEMENTS

Franchisee acknowledges that financing is the responsibility of Franchisee. Franchisor does not finance or guarantee the obligations of Franchisee for a TechKnowHow® Business. The Franchise Fee is

due and payable on execution of this Agreement and as set forth in Section IX.C of this Agreement. There are no waivers of defense by Franchisee in either this Franchise Agreement or other documents evidencing obligations to Franchisor.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's System and adherence to our Operations Manual (the "Operations Manual" or "Manual"), and to Franchisor's standardized design and specifications for decor and uniformity of the Business are essential to the image and goodwill thereof. The Manuals contain mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program, which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, test marketing new Services, Curriculum, computers, products, purchasing a reasonable quantity of computers or products to be tested, providing communication with Franchisor regarding such testing programs, the distribution, display and collection of customer surveys, customer comment cards, questionnaires, evaluations and similar items. To further protect the System and our goodwill, Franchisee shall:

1. Operate the Business and use our Manual(s) solely in the manner prescribed by Franchisor;

2. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and name registrations as Franchisor may, from time to time, direct;

3. Follow the methods of operation, presentation of Services and use of products so as to conform to the specifications and standards of Franchisor in effect from time to time;

4. Use only such computers, software, products and supplies so as to conform to Franchisor's specifications. This includes Franchisor's inventory requirements and terms of any auto-ship programs as detailed in the Operations Manual (currently not in effect) and may be revised by Franchisor, at Franchisor's sole discretion, from time to time;

5. Offer or sell from the Business any Service, program or product and use only the Curriculum specified by Franchisor and not offer or sell any services, programs or products or use any curriculum of any kind or character without first obtaining the express written approval of Franchisor, which shall be at the full discretion of Franchisor. Franchisor shall have the sole right of decision in regards to all services, programs, products and curriculum to be offered, sold or used in the Franchise Business. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, the request shall be deemed denied. Franchisor shall have the right to not approve any service, program, product or curriculum for any reason whatsoever or for no reason whatsoever;

6. Purchase such products, supplies, computers, software, vehicle graphics and apparel as may be required by us, for the appropriate handling and selling of any Service and/or

product that become(s) approved for offering in the System. Franchisee must obtain Franchisor's prior written approval of Franchisee's supply sources for products, supplies, computers, software, vehicle graphics and apparel the Franchise Business intends to use or sell to customers (see, Section XII.I of this Agreement). Franchisor shall approve or deny Franchisee's request, which approval is in Franchisor's sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will act for itself in obtaining all such items. Franchisee will repair or replace obsolete or mechanically impaired computers with items that meet Franchisor's specifications;

7. Maintain a specified appearance for all vehicles used in a TechKnowHow® business in the course of daily business operations (all vehicles are to be maintained in at least a "good" condition as defined by Kelly Blue Book or as we may other specify in our sole discretion). This includes the use of specific graphics on all vehicles used for the Business, their position, color, condition and style;

8. Require uniform dress or identifying badges for franchise staff, conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while conducting programs, and to cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Operations Manual;

9. Maintain a clean and attractive appearance, give prompt and efficient service by operating the Business in strict compliance with the policies, practices and procedures contained in the Operations Manual;

10. Permit us or our agents, at any reasonable time, to enter the Premises during normal business hours to conduct inspections, review business operations or remove samples of products, without payment, for us review to determine if such samples meet Franchisor's

    then-current standards and specifications. This includes access to any electronic or other non-personal entries at the Premises.

11. Not to install or permit to be installed on or about the vehicle or Premises, without our prior written consent, any signage or signage designs not previously approved as meeting our standards and specifications;

12. Identify yourself as owner of an independently owned and operated TechKnowHow® Franchise Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on vehicles, invoices, release forms, order forms, receipts and stationery, as well as at such conspicuous locations as we may designate in writing at the TechKnowHow® business;

13. Comply with our standards for utilizing instructors as necessary to operate the Business at maximum capacity during the development and growth stages of the Business as recommended by us in the Operations Manual, and to comply with all applicable laws with respect to such services (described in Sections XII.F and XX.E of this Agreement);

14. Maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, programs, trade practices, abusive or excessive collection techniques or other activity or sell any product or literature which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or Franchisor the Franchised Business, or the services and products sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's customers or otherwise is in violation of any applicable laws. The above limitations are closely related to our business image, purpose and marketing strategy of the System, and therefore any change there from would fundamentally change the nature of the business;

15. Assure that any advertising and promotion by Franchisee in any medium is always conducted in a dignified manner and conforms to our standards and requirements as set forth in the Operations Manual;

16. Promptly pay when due all taxes, fees, debts, expenses and assessments of the Business, including payroll taxes. Franchisee will not permit a tax sale or seizure by levy of execution or similar writ or warrant to occur;

17. Recognize that preservation of the System and the health of the TechKnowHow® franchise network depend on uniformity of Service offerings. Franchisee agrees that we may establish, from time to time, sales pricing or suggested pricing for certain Services and products (if Franchisor allows Franchisee to sell products in the future) in general and/or for promotional periods of time for any or all TechKnowHow® franchises, to the extent such minimum and maximum pricing standards are allowed by federal and state laws;

18. Participate in market research, testing, product and service development programs, and participate in, and pay all dues assessed for, advisory councils (not currently in effect) if applicable;

19. Use and honor system-wide gift cards, certificates and checks that we designate. All such gift cards, certificates and checks may be obtained from us or an approved supplier; and

20. Accept credit and debit cards, and other payment systems and check verification services as now exist or as are hereafter developed, as specified by us, and which we may change from time to time.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by Franchisor for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any other business other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity in the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the franchised business to be used for any immoral, unethical, unauthorized or illegal purpose.

Franchisee must conduct all business through the TechKnowHow® business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and agree to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 2 "Pre-Existing Businesses."

C. Comply With Laws

Franchisee shall comply with all federal, state and local laws, ordinances, consumer protection laws and regulations, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, transportation laws, fire codes and building construction (if applicable), health and safety ordinances and shall obtain and at all times maintain any and all government licenses, permits, industry specific licenses or certificates (if applicable), laws and regulations relating to occupational hazards and health ("OSHA") or that may be required for full and proper operation of the Business franchised under this Agreement in your state of operation. In addition, with respect to all credit card transactions and client information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card customers. Franchisor's standards may exceed any and all of the requirements of said laws. Copies of all subsequent inspection reports, with the conduct of an TechKnowHow® business which indicates Franchisee's failure to meet or maintain government standards, or less than substantial compliance by Franchisee with any applicable law, rule or regulation, shall be forwarded to Franchisor within five (5) days of Franchisee's receipt thereof. Franchisee agrees to indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee's failure to perform Franchisee's obligations as described above.

It is Franchisee's sole responsibility and obligation to research all applicable federal, State and local laws and regulations governing the operation of a TechKnowHow® business. Franchisee acknowledges that in Franchisee's state there could be local codes, ordinances, statues or laws that regulate onsite enrichment programs which Franchisee must adhere to prior to offering Services. Such requirements could include that Franchisee be "cleared" to offer Services in the public school system which may require background checks, fingerprinting, bonding and completing certain applications prior to offering Services. Franchisee must identify and know all such laws and regulations that pertain to the area in which Franchisee operates the Business and must ensure that all its employees comply with all such laws and regulations.

Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of a TechKnowHow® business and must at all times operate the Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to safety and sanitation, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise will be required for Franchisee in Franchisee's Territory. Franchisor will provide assistance and guidance to Franchisee when obtaining certifications and applying for permits however it is Franchisee's sole responsibility to identify and obtain all certifications, permits and authorizations necessary for the operation of the Business. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities.

Franchisee shall comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what

actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications".

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its owners, managers, partners, shareholders, officers, directors, agents, or employees, except as required in performing duties contemplated by this Agreement, may disclose or use at any time, whether during the term of this Agreement or after, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to confidential matters, trade secrets, after school, summer camp and special event programs; Curriculum, teaching techniques, methods and formats; all workbooks and learning materials; selecting locations, cost and pricing strategies; computer, software and product specifications; software functionality, products and product knowledge, customer service standards, employee hiring and retention techniques, vehicle graphic specifications, website, operational procedures, bookkeeping and accounting methods, sales, marketing, advertising and promotional materials, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's services or products, including information relating to discoveries, ideas, purchasing, accounting, website development and design, marketing, merchandising or selling of Services and Products (collectively referred to as "Confidential Information" and further defined in Section XVI.A of this Agreement).

Franchisee acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how" and methods developed by us and licensed to Franchisee for the operation of a TechKnowHow® business are particular to the extracurricular enrichment program industry conducted by a TechKnowHow® business. Franchisee agrees to take all steps necessary, at Franchisees expense, to protect against disclosure and dissemination of the Confidential Information to any other person both

during the term of this Agreement and after its termination or expiration, without our prior written consent.

Franchisee agrees that it will not contest in any litigation, arbitration, mediation or in any other matter that Franchisor's ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate Premises

Franchisee shall at all times maintain the Premises in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards in the Operations Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities (including the vehicles) which are viewed by the public will conform to the uniform corporate image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Premises (if Franchisee opens an office for the Business), any vehicles or signage does not meet our standards, we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct the deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

At our request, which shall not be made more than once every three (3) years (or as described above), Franchisee shall refurbish the Premises and all vehicles at its expense, to conform to Franchisor's design, trade dress, color schemes, and presentation of trademarks and service marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements which shall not exceed $900 for each (3) year period. Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete the refurbishing of the Premises.

F. Maintain Competent Staff

Franchisor will create, and make available to Franchisee and its managing partners, members or shareholder training programs and other selected training materials, as Franchisor deems appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business (referred to as "Supervisor"). Franchisee's Business must be personally managed on a full-time basis by a Supervisor who successfully completed our mandatory training and meets our then-current standards. The Supervisor may, but need not, be you or one of the Owners of the Business. Franchisor does not require but does recommend that the Supervisor be CPR and First Aid certified as described in Section IX. Franchisee must train a replacement Supervisor (who Franchisor may disapprove in its sole and absolute discretion) in accordance with Franchisor's training program. Replacement Supervisors or staff may attend Franchisor's training program for a fee and subject to space availability. Currently the fee is $300 per person per day as described in Section XX.A of this Agreement.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire employees ("Instructors") in an effort to conduct after school, summer camp and special event programs and provide service to customers according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. This includes ensuring that if Franchisee chooses to have all its obtain Instructors CPR and First Aid certifications that such certifications are renewed each year.

Franchisee and its Instructors are prohibited from providing any type of services that require certain certifications or licenses that have not been approved by Franchisor in writing. Franchisee shall properly hire Instructors who will conduct after school, summer camp and special event programs and provide attentive customer service. As Franchisee hires Instructors and employees, Franchisee can negotiate any rate for such services or use the recommended rate schedule suggested by us as specified in the Operations Manual. Franchisee acknowledges that we have made no guarantee or warranty that using such rate schedules will enhance Franchisee's sales or profits.

Franchisee shall hire Instructors per our standards (subject to applicable employee protection laws) which include carefully screening Instructors by the use of background checks before employing them, to ascertain fitness for employment. Franchisee must use its best efforts, including taking every action required by applicable laws related to background checks of persons working in Business, to ensure that no person is employed who has a record of misconduct directed at a child (for example, molestation or abuse), immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of clients or reflect adversely on the reputation of

us or the System. If Franchisee learns or if we advise Franchisee that we learned that an Instructor does not meet our recommended qualification standards or that one or more Instructors cannot meet the written standards imposed by us or by all applicable law and regulations, Franchisee shall promptly investigate the situation and immediately discharge and replace the Instructor if they do not meet such standards. Failure of Franchisee to adhere to our qualification process for Instructors and standards for employment may result in termination of this agreement as specified in Section XXIII.C of this Agreement. Franchisee will indemnify Franchisor (as described in Section XVIII) for all claims arising out of or relating to Franchisee's Instructors and Franchisee's hiring, firing and discipline decisions regarding employees.

Franchisee will require its Instructors and employees to wear uniform dress bearing the corporate trademark while conducting programs and such shall be of such design and color as Franchisor may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business. Franchisee's TechKnowHow® business must be personally managed on a full-time basis by a person who successfully completed the mandatory training program and meets our then-current standards.

G. Open Business Within Time Limit

Time is of the essence. Franchisee must open for business within sixty (60) days after execution of this Agreement (the Opening as defined in Section IX.A) which may include having obtained Franchisor's approval prior to opening an office space (if applicable). Prior to Opening, Franchisee shall complete, to Franchisor's satisfaction, all preparations of the Business, in accordance with specifications set forth in the Pre-Opening and Operations Manual, and as required by local government agencies, including the acquisition of computers, software, products, apparel, supplies and vehicle graphics; completion of the franchisee training program and provision to us of all required local information, artwork and photos for the completion of Franchisee's website.

H. Operate Business in Strict Conformity to Requirements

Franchisee shall operate the Business in strict conformity with such standards, techniques, and procedures as Franchisor may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without Franchisor's prior written consent. Franchisee agrees to offer its customers all Services and products which Franchisor may, from time to time, prescribe, to offer its customers only those Services and products which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Business's operations, and to discontinue offering any Services and products, which Franchisor may, in its sole discretion, disapprove in writing at any time.

Franchisee shall offer only approved Services, use all products and computers (as described in Section XII.I); use and teach the Curriculum in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated and approved by us. Franchisee shall introduce a minimum of one (1) new and/or updated Curriculum each calendar year which will be provided to Franchisee by Franchisor at no cost. Franchisee cannot implement any other program, curriculum, service, use or offer for sale any product without Franchisor's written approval (additional products Franchisee desires to use and/or offer customers must be authorized in writing by us as described in

Section XII.I below). Franchisor will respond to Franchisee request within thirty (30) days from the date the request is received. If Franchisor does not approve such program, curriculum or service by written notice to Franchisee within this thirty (30) day period, the program, curriculum or service will be deemed disapproved. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives to be permitted to evaluate every aspect of the program, curriculum or service Franchisee proposes and Franchisee agrees to provide Franchisor with all detail and documentation that Franchisor requires at Franchisee's cost. Franchisor reserves the right to revoke any approval if the program, curriculum or service fails to continue to meet Franchisor's high standards. All Services must be provided within Franchisee's Territory as described in Section VI of this Agreement. Failure of Franchisee to offer approved Services and programs and teach the Curriculum as described above will be grounds for termination of this Agreement as specified in Section XXIII.C.

Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of a particular after school, summer camp or special event program or Curriculum; nor shall any provision herein imply or establish an obligation on the part of Franchisor to reinstate any after school, summer camp or special event program or Curriculum discontinued by Franchisor or for any liability to Franchisee for any loss revenue incurred by Franchisee as a result of Franchisor's decision to discontinue a particular after school, summer camp or special event program or Curriculum. Franchisee agrees that Franchisor has the right, in its sole discretion, to change, modify, add or discontinue any after school, summer camp or special event program or Curriculum and Franchisee shall immediately comply with such changes. Franchisor may periodically meet with representative groups of franchisees and solicit their input prior to discontinuing any such program or Curriculum. Franchisor will respond to Franchisee request to implement any after school, summer camp or special event program, curriculum or service within thirty (30) days from the date the request is received. If Franchisor does not approve of programs, curriculum or services by written notice to Franchisee within this thirty (30) day period, the program, curriculum and/or service will be deemed disapproved. Franchisor shall have the right to require, as a condition of its approval and review, that Franchisee submit to Franchisor all materials and supporting documentation describing the program, curriculum and/or service Franchisee wishes to use and/or implement with customers. The cost of such investigation for approval shall be paid by Franchisee (if applicable) and Franchisor shall not be liable for denying Franchisee's request. Franchisee acknowledges and understands that implementing any program, curriculum or service without Franchisor's approval will be grounds for termination of this Agreement as specified in Section XXIII.C.

Franchisee is responsible for identifying and securing locations to conduct after school, summer camp and/or special event programs within its Territory as long as such locations meet Franchisor's location standards which will be given to Franchisee during the initial training and as outlined in the Operations Manual. Franchisor will provide a list of location standards in addition to guidance and assistance to Franchisee when selecting locations and negotiating payment for locations (if applicable) as described in Section XX.D. Franchisee is not required to conduct a minimum or maximum number of after school, summer camp or special event programs; nor is there a minimum or maximum session size requirement.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction. If Franchisee does not provide customers with satisfactory service and or fails to resolve complaints at the time complaint is registered or if Franchisee violates operating standards or this Agreement, Franchisor may, in addition to its other remedies, complete the services and bill the Franchisee or customer for its services. Franchisee shall reimburse Franchisor for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service provided by a TechKnowHow® business that Franchisor may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-

current specials or promotions as may be developed by and as may be modified periodically by Franchisor, in its sole discretion.

Franchisor may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, customer comment cards, secret shoppers or otherwise. Franchisor will share results of such programs with Franchisee as they pertain to Franchisee's Territory, and Franchisee will reimburse Franchisor for all costs associated with any and all such programs provided that Franchisee is not in compliance with this Agreement and the System

Franchisee recognizes that one of our methods of communication with Franchisees is through newsletters and/or memos we may periodically publish and an intranet system provided to Franchisees on our website. Franchisee is responsible for knowing all of the information contained in the newsletters, memos and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our newsletters, memos and intranet system. If Franchisor establishes an intranet system, Franchisor will have no obligation to maintain the intranet system indefinitely and may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

1. Franchisor will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with Franchisor; (iii) confidentiality of materials that Franchisor transmits; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, Franchisor can access and view any communication that anyone posts on the intranet system. Franchisee acknowledges that the intranet system and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

2. On receipt of notice from Franchisor that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to computers and to establish and continually maintain electronic connection with the intranet system that allows Franchisor to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.

3. Franchisor may use part of the System Advertising Fund that Franchisor collects under this Agreement to develop, maintain and further develop the intranet system.

Franchisee shall offer for sale, and honor for customers, any incentive, coupon, or loyalty programs, which Franchisor institutes from time to time, and shall do so in compliance with Franchisor's standards and procedures for such programs. These programs may include, without limitation, membership programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee shall participate fully and completely in such programs.

Franchisor may require Franchisee to join and participate in industry specific, local or national associations that Franchisor deems to be valuable or necessary for continued growth of the Business. Franchisee is responsible for all membership fees and related costs. Franchisor reserves the right to require Franchisee to join and participate in other professional organizations as Franchisor deems appropriate.

Franchisee shall participate fully and completely in such programs and associations. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

Franchisee is encouraged to accept the referral of any customer from another TechKnowHow® business or us who desires to receive Services and/or products (if Franchisor authorizes Franchisee to sell products) from Franchisee. If Franchisee chooses not to accept the referral, then Franchisor may provide Services and products directly or through another franchisee or third party without compensation to Franchisee. We encourage all TechKnowHow® businesses, when owned by different individuals, to work out a referral or transfer arrangement. Franchisee can provide Services and/or products to customers who live outside of Franchisee's Territory if there is not a TechKnowHow® franchise or company-owned business in that area, as described in Section VI of this Agreement. Franchisor shall use commercially reasonable efforts to deal with any TechKnowHow® business that violates this policy.

In the marketing and operation of a Franchisee's Business, Franchisee shall use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, if Franchisee chooses to lease an office, the lease for the office must contain all of the terms and conditions required by this Agreement (Section XII.T), and Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of Franchisor's rights or remedies under this Agreement. If Franchisee has two or more Owners or it is an Entity, then Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or Shareholders Agreement and bylaws, as applicable for Franchisor's review prior to execution as specified in Section XII.R of this Agreement.

All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the Operations Manual. Franchisee shall have the right to offer and sell Services and/or products at any prices Franchisee determines, except that Franchisor reserves the right to establish minimum and maximum prices for any Service or product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees that Franchisor has the right, in its sole discretion, to establish minimum and maximum prices for any Service or product so long as such decisions are made with the honest belief that the measure Franchisor is adopting will benefit the System overall (even though such decision may not not actually have such benefit, or may be believed or known to not benefit Franchisee or particular franchisees). Franchisee is prohibited from heavily discounting Services and products offered for sale and must adhere to our minimum and maximum pricing guidelines, except as this requirement is otherwise restricted or prohibited by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or product at any price recommended by Franchisor, Franchisee acknowledges that Franchisor makes no guarantee or warranty that offering such Services and/or products at the recommended price will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotion programs and/or product promotions promulgated by Franchisor periodically.

I. Use of Approved Computers, Products, Supplies and Vendors.

Franchisee acknowledges that we have spent considerable time in determining what computers, products, supplies, processes, methods and vendors to use in the operation of a TechKnowHow®

business. Accordingly, Franchisee acknowledges and agrees to use only approved computers, products, supplies, services, vendors and suppliers that includes but is not limited to: LEGO® bricks and elements, LEGO® Kits, micro-computers, snap-on circuit components, various motors and gears, digital and video cameras, workbook materials, apparel, vehicle graphics, proprietary and/or branded products (if developed), software, merchant service providers and communication programs, marketing materials, printed advertising materials and promotional items, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. If we require Franchisee to buy from us, we will exercise commercially reasonable efforts to ensure that the product's price and quality will be comparable to similar products from other sources. We may take a portion of income earned from license fees, promotional fees, advertising allowances or rebates to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy computers, products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the advertising account Fund as described in Section X.B of this Agreement. If we do not require the purchase, we do not need to place such funds in a separate account or use them on advertising. Franchisee, agrees that we may periodically and on written notice, add to, modify or change such approved computers, products, supplies, services, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisees expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a TechKnowHow® business with vehicle graphics. This is part of our trade dress. Franchisee must purchase vehicle graphics from us and/or our affiliates or approved vendors and must maintain the vehicle as specified in the Operations Manual and Section XII.V of this Agreement.

2. To insure the consistent high quality and uniformity of Services provided by TechKnowHow® franchised businesses, Franchisee must purchase computers, software, products, vehicle graphics (Franchisee can use their existing vehicle as long as it is not older than twenty (20) years and the vehicle meets our appearance standards as outlined in the Operations Manual), marketing and promotional materials, apparel and other technology and science-related products and supplies for use in the operation of a TechKnowHow® business, from us and/or our affiliates or those approved vendors (including manufacturers, distributors and other sources) who demonstrate to Franchisor's continuing satisfaction an ability to meet Franchisor's standards and specifications. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor, its affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of the items mentioned above where such items are out-of-stock or discontinued.

3. In approving any vendor or supplier, Franchisor may consider factors such as: quality, composition, performance, accuracy of product claims, durability, safety, service determination of quality control, value, prompt attention to complaints, the supplier's financial strength and capacity to supply Franchisee needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by Franchisor and may be disapproved by Franchisor anytime after. If Franchisee desires to purchase and use unapproved computers, products or supplies, from unapproved vendors or wants to offer unique products that blend in with Franchisee's community, Franchisee must submit to Franchisor a written request for such approval. Franchisor will respond to Franchisee request

within thirty (30) days from the date the request is received. If Franchisor does not approve such computers, products, supplies, vendors or suppliers by written notice to Franchisee within this thirty (30) day period, the computers, products, supplies, vendors or suppliers will be deemed disapproved. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives to be permitted to inspect the facilities of the proposed vendor or supplier and that the proposed item is delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and Franchisor shall not be liable for damage to or for the return of any sample. Franchisor may require Franchisee's vendors to sign Franchisor's pre-approved Confidentiality and Nondisclosure Agreement, to guarantee Franchisor's level of quality. Franchisor reserves the right to re-inspect the facilities and to retest the computers, products and supplies of any approved vendor or supplier and to revoke any approval if the vendor fails to continue to meet Franchisor's high standards.

4. Franchisee shall not make any claims against us with respect to any vendor and/or related supplier for computers, products, software, or any other related product or supply necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor/supplier/products). FRANCHISOR MAKES NO WARRANTIES REGARDING ANY VENDOR PRODUCTS OR SUPPLIES, AND DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTIBILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. Franchisor will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.

5. Franchisee may be required to use or sell, or otherwise dispense, only "TechKnowHow®" products if developed by Franchisor in the future. These items may be a special product using the Names and Marks of Franchisor. The "Proprietary Products" must be purchased by Franchisee directly from Franchisor or Franchisor's approved vendors, unless Franchisee has submitted and received written approval from Franchisor to use an alternate supplier. Currently Franchisor does not have any Proprietary Products that Franchisee is required to use or offer for sale. If Proprietary Products are developed, Franchisor may be the only approved supplier for such items.

6. Franchisee acknowledges that Franchisor currently does not require Franchisee to maintain in inventory a minimum representation of TechKnowHow® Proprietary Products (however retains the right to do so in the future). "Minimum Representation" shall be defined as the continuous maintenance of an amount of TechKnowHow® Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with Franchisor's Minimum Representation requirements and the terms of any auto-ship

requirements (currently Franchisor does not have any auto-ship requirements, however does require that Franchisee purchase updates for all workbooks, promotional and marketing materials when designated as mandatory by Franchisor and as specified in the Operations Manual).

7. Franchisee shall not make any changes to any third party products or Proprietary Products including changing containers, packaging, labeling, promotional materials, advertising, cartons or the like, without Franchisor's or the manufacturer's prior written approval, which may be withheld in the sole discretion of Franchisor or manufacturer.

8. Franchisee may not independently act as an exclusive distributor for any third party vendor or secure any exclusive rights to distribute any computers, products and/or Proprietary Products inside or outside of Franchisee's Territory without Franchisor's written consent. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this agreement as specified in Section XXIII.C of this Agreement.

9. Franchisee shall not manufacture or produce any product that is similar to, or competes with any of Franchisor's Proprietary Product or third party product, or any product used or offered for sale in a TechKnowHow® business (if in the future Franchisor allows Franchisee to sell products) without the advanced written consent of Franchisor or manufacturer, which may be granted or denied in Franchisor's or the manufacturer's sole discretion. Violation of this Section XII.I.9 shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.

10. Franchisee must inspect all products promptly on receipt and may reject any product that fails in any material respect to conform to manufacturer's description (if applicable). Any product that has not been rejected within forty-eight (48) hours of receipt shall be considered accepted. Rejected products must be returned to the manufacturer or supplier within five (5) days of the date on which manufacturer or supplier authorizes the return or as manufacturer or supplier specifies.

11. Notwithstanding anything to the contrary in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some TechKnowHow® businesses with some or all of the computers, products and supplies that Franchisor requires for use and/or sale in the development and/or operation of the Business. In this event, Franchisor may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all computers, products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System. Franchisor shall have unlimited discretion to approve or disapprove the vendors who may be permitted to sell computers, products and supplies to Franchisee.

12. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all computers and software, meeting our specifications, as we may modify them. Franchisee agrees to maintain all systems on-line to allow us to access system data information.

Franchisor reserves the right to have independent access to all information that Franchisee stores in any computer system. Franchisee will be required to purchase software from us, our affiliates or our approved vendors. Franchisee will agree to comply with the then-current Terms of Use and Privacy Policies to use such software. Franchisee agrees to comply with any upgrade requirements regarding the software and all computer systems, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by Franchisee on receipt.

13. Franchisor cannot estimate the future costs of computers, software or required service and/or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining computers and software (or additions and modifications) and required service and support. Franchisor has no obligation to reimburse Franchisee for any computer or software costs. Within ninety (90) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the computer and software components that Franchisor may designate and to ensure that Franchisee's computers and software, as modified, is functioning properly.

14. Franchisee may be required to use Franchisor's proprietary software for the operation of the Business (currently not in effect). If Franchisor develops proprietary software and requires Franchisee to use such software, Franchisor will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Business. Franchisor will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of Franchisee. Usage of any propriety software ("Software"), if developed, will be subject to the following terms:

    a. Franchisee will use our Software on a computer system that: (i) meets our computer hardware specifications; and (ii) is located at the Premises or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;

    b. Franchisee acknowledges and agrees that Franchisor will be the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;

    c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computer systems or any other computer system. Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer system shall become Franchisor's confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding Franchisor's confidential information.

e. Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software will result in termination of this agreement as specified in Section XXIII.C of this Agreement;

f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that we will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We will claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure;

g. THE SOFTWARE WILL BE PROVIDED, IF AT ALL, ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRIGEMENT ARE DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE WILL NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. In no event will Franchisor be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

h. Franchisee acknowledges and agrees that Franchisee's license to the Software will be subject to being terminated immediately if Franchisee fails to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;

i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license will cause us irreparable harm for which we would have not adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;

j. If Franchisee fails to adhere to any of Franchisee's obligations under this Agreement and we terminate the Franchise Agreement, or if Franchisee is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and

k. Franchisee must update all computer systems on our request to optimize performance of the Software.

15. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members or shareholders will make any claims) about any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer, system hardware or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's vendors, suppliers, lenders, landlords, customers and government agencies on which Franchisee rely, 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.

16. Franchisor may set standards or specifications for leases, real estate, the construction and build out of the office (if applicable); furnishings, fixtures, communication and Internet or network access services, at its discretion, including its subjective determinations relating to quality, value and appearance.

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 computers, products or supplies to Franchisee if Franchisee is in default of any payment to Franchisor, its affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of items purchased (if applicable), Franchisor or its affiliates shall not be obligated to sell computers, products or supplies to Franchisee.

J. Use Approved Design and Signage for the Premises

In operating the TechKnowHow® business and if Franchisee decides to open an office space, Franchisee must adhere to Franchisor's signage standards (including vehicle graphics), and use signage

designs in accordance with standards and specifications recommended by Franchisor. Franchisee must purchase signage from us, our approved suppliers, or submit an alternate supplier to Franchisor for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, signs that provide maximum displays of the Names and Marks of Franchisor. On renewal of this Agreement (if renewed), Franchisee shall be solely responsible to obtain and equip the Premises and all vehicles with signage approved for use by Franchisor at the time of renewal of this Agreement. The color, size, design and location of signage shall be as specified and/or approved by us.

K. Participation in the Operation of the Business

Franchisee agrees to participate in the day-to-day operation of the TechKnowHow® business. Franchisee may assign the supervision of the Business to an Owner or Supervisor approved by Franchisor. Franchisee agrees that the Supervisor will supervise all Instructors and staff. The Supervisor will also be responsible to provide continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

L. Development of Market

Franchisee shall at all times use its best efforts to promote and increase recognition of the Services offered by the Business pursuant to the System and Operations Manual, to effect the widest and best possible distribution in the Territory of Services from the Business and to devote its best efforts to growing the Business.

M. Maintain Regular Business Hours

Franchisee's TechKnowHow® business must be open for business a minimum of five (5) days each week Monday-Friday, except holidays, during regular or irregular business hours or hours otherwise approved in writing by us or (if operating out of an office space) as required by the lease of the Premises on which the Business is operated. Franchisee shall respond to inquiries and service calls immediately or within twenty-four (24) hours of the initial inquiry (as further described in the Operations Manual), maintain a telephone answering system and an e-mail address for the Business and monitor such to take messages and respond to both online and on-site customers outside of regular business hours.

N. Maintain Uniform Operating Standards

Franchisee acknowledges and agrees that every detail of the operation of the Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Services offered by the Business under our System, and to protect Franchisor's reputation and goodwill.

Franchisee acknowledges and agrees the System must continue to evolve in order to reflect changing market conditions and meet new and changing customer demands. As a consequence, changes, modifications and variations to the System's standards, Services and products used or offered may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee agrees that Franchisor may periodically and on written notice, add to, modify or change the System, including without limitation making changes to Curriculum and/or programs (as described in Section XII.H), teaching techniques and methodologies, the adoption and use of new or modified trademarks, uniform standards, vehicle specifications, vehicle graphics, signage, Services,

computers, software, products, advertising and marketing materials, employee hiring and retention programs, sales, advertising, promotion and marketing strategies. Franchisee shall promptly accept, implement, and use in the operation of the Business, all such additions, modifications and changes at Franchisee's expense.

Franchisor will not require Franchisee to make any changes, modifications and variations to the System that are not required of all Franchisees (unless such change, modification or variation relates only to certain Franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs). Franchisor may periodically meet with representative groups of franchisees and solicit input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement, except as allowed in Section XII.E of this Agreement.

O. Telephone Number of Business and Website

Franchisee acknowledges and agrees that the telephone number(s), URL address and Website for the Business (and any cell phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Franchisee shall not change the telephone number(s), URL address or Website for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s), URL address and Website for the Business in the manner prescribed by Franchisor. All telephone numbers, URL addresses, Websites, Internet or similar connections, directory and listings for the franchised business are and shall be deemed to be Franchisor's property and on termination shall revert to Franchisor.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to Franchisor all programs, curriculum, products, discoveries, methods, techniques, processes, operational procedures, inventions or ideas, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee acknowledges and agrees that all such programs, curriculum, products, discoveries, methods, techniques, processes, operational procedures, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee. However as a matter of corporate policy, Franchisor may, in its sole discretion, create an incentive program to reward Franchisee, its managing partners, managing members, officers, directors, managers, shareholders, employees, agents or independent contractors for any such new programs, curriculum, product, concept, technique, process or improvement that Franchisor implements throughout the System. Franchisee, its managing partners, managing members, officers, directors, managers, shareholders, employees, agents or independent contractors agree to execute all documents deemed reasonably necessary by Franchisor to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to Franchisor. A purpose of this clause is to enable ideas for improvements to the System that may be generated by franchisees within the System to be distributed to other franchisees if Franchisor desires. Franchisee agrees to execute all documents that Franchisor deems reasonably necessary to carry out such transfer of intellectual property rights to Franchisor.

Q. Permit Franchisor to Enter the Premises

Franchisee shall permit Franchisor and its agents or representatives to enter the Premises during normal business hours for the purpose of conducting inspections on the operation of the Business without notice to Franchisee (including on-location while Franchisee conducts after school, summer camp or special event programs). A purpose of such inspections is to review business operations in addition to ensuring that only authorized programs are being offered, only approved Curriculum is being taught and to inspect Franchisee's inventory of products and supplies (which may include removing samples of products, without payment, for Franchisor to review) to determine if such samples meet Franchisor's then-current standards and specifications. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, on notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. If Franchisee fails or refuses to promptly correct immediately any deficiency detected as a result of such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay on demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

R. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;

2. Franchisee's Certificate, Articles of Incorporation or Articles of Organization, Articles of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly on request copies of Franchisee's Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to Franchisor on request;

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH TECHKNOWHOW® FRANCHISE, INC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION;

5. All Owners of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section XII.R. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");

6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish Franchisor with a copy of its operating agreement and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish Franchisor a copy of its shareholders agreement bylaws, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time;

7. Each individual Entity holding a 10% or greater ownership or beneficial ownership interest in Franchisee's business, directly or indirectly, (including each individual holding a 50% or greater interest in any limited liability company, partnership or corporation which has a 10% or greater interest in Franchisee's business) shall enter into a continuing guaranty agreement, in the form attached as Schedule 4 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining Franchisors written consent, which consent shall be given or withheld within thirty (30) days of Franchisee's request.

S. Selection of Premises

If Franchisee chooses to operate out of an office space, rather than operate home-based, Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a space for the Business to be established under the Franchise Agreement and for the build-out and equipping the business at such Premises. A typical TechKnowHow® franchise is home-based (Franchisee is encouraged to operate from home) or a small office with approximately three hundred (300) square feet of space. If operating out an office space and the space is shared, the TechKnowHow® franchise must be enclosed and separate from other businesses with its own locking door, unless otherwise approved by Franchisor in writing. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by Franchisor in writing. On the execution of any lease for the Business, Franchisee will deliver to Franchisor a copy of the executed lease and an option to assume the lease executed by the lessor in favor of Franchisor in a form acceptable to Franchisor. All improvements to the Business must be approved by Franchisor.

FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE OFFICE SPACE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF AN OFFICE SPACE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A TECHKNOWHOW® FRANCHISE OPERATED FROM THAT OFFICE SPACE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Franchisee acknowledges that if operating out of an office space, the decoration and outfitting of TechKnowHow® business is part of our trade dress and must be approved by Franchisor. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Business for TechKnowHow® business constitutes and/or contains Confidential Information and/or Trade Secrets of ours. Franchisee agrees that if operating out of an office space, the Premises shall be maintained and operated as follows:

1. Franchisee will maintain every component of the Premises such as furnishings, fixtures, computers and office equipment in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep the Premises fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Premises at all times in a clean and tidy condition and free of advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos in the Premises and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Premises, or any furnishings, fixtures, computers and office equipment contained within the Premises as specified in the Operations Manual;
5. Franchisee will maintain and upgrade the Premises and all furnishings, fixtures computers and office equipment as specified from time-to-time in the Operations Manual so as to always use our then-current specifications;
6. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local government authority with jurisdiction over the Business; and
7. Franchisee may be required to use only approved service centers for repairs and maintenance of any furnishing, fixtures, signage and office equipment on the Premises.

Franchisee shall not execute a lease or sublease for the Business, or make any modifications or amendments to the lease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment (as defined in Section XXI). Franchisee will deliver to Franchisor a copy of any lease for Franchisor's review at least ten (10) days before execution. Franchisor will notify Franchisee of our consent or withholding or conditioning of consent within three (3) business days. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. Franchisee shall ensure that the lease for the Business contains, in an addendum or otherwise, the following provisions which:

1) Permit Franchisee to operate a TechKnowHow® business in accordance this Agreement and the Manuals;

2) Provide that the Premises will be used only for the administrative offices of a TechKnowHow® business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;

3) Require the lessor to concurrently provide us a copy of any written notices (whether of default or otherwise) to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of Franchisee's cure period under the lease;

4) Provide us a right to take assignment and possession of TechKnowHow® business, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we'll sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment. If Franchisee loses lease rights to the Premises in connection with any bankruptcy, the lessor shall, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

5) Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time-to-time, and give Franchisor the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress and/or prevent/cure any default; and

6) Not contain any clause providing that if Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. But the preceding sentence shall not impair Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

T. Development and Construction of Premises

If Franchisee chooses to operate out of an office space, rather than operate home-based, Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of working drawings necessary to complete construction and/or build out at the approved Premises. Franchisee may be provided with suggested plans and specifications (interior and exterior) for the build out of the Premises which may include specifications for storage, furnishings, fixtures, signage and all décor items. Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications of the Premises.

We expect that if operating out an office space, a TechKnowHow® business needs only minimal construction improvements if any. Costs may vary widely depending on such factors as property location, climate, condition of the property and extent of alterations required for the property. Franchisee shall be responsible to obtain all zoning classifications, health, sanitation, clearances, permits and certifications which may be required by state or local laws, ordinances or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After obtaining such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based on the preliminary plans and specifications. Once approved

by Franchisor, such final plans shall not be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

Except as provided in Section IX.A of this Agreement, Franchisee shall construct, furnish and open the office space for the Business according to the requirements contained herein, and Franchisee shall open the office space for the Business not later than sixty (60) days from the Effective Date. Time is of the essence. Prior to opening for business, Franchisee shall comply with all pre-opening requirements set forth in this Agreement, the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the office space for the Business until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards including, but not limited, to materials, quality of work, signage, decor, paint, and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld. Franchisor's approval to open the office space for the Business does not constitute a waiver of Franchisor's right to require Franchisee to conform the office space of the Business to Franchisor's standards.

U. Maintain Appearance of Vehicle

Franchisee acknowledges and agrees that the design, layout, appearance and other characteristics of the vehicle (Franchisee can use their existing vehicle described in Section XII.I of this Agreement and as specified in the Operations Manual) to be used in the operation of a TechKnowHow® business constitute and/or contain Confidential Information and/or Trade Secrets of ours. You agree that the vehicle shall be maintained and operated as follows:

1. You will maintain the vehicle and every component of the equipment in good order and repair at all times as specified in the Operations Manual;

2. You will keep the vehicle fully registered and roadworthy in accordance with applicable laws;

3. You will keep the vehicle fully insured as specified in the Operations Manual.

4. You will keep the vehicle at all times in a clean and tidy condition and free of any advertising or promotional material other than that required by law or the Operations Manual and will exhibit such graphics, signage, design, colors and logos on the vehicle; and to upgrade or review the same as is specified in the Operations Manual;

5. You will not alter or in any way amend the appearance of the vehicle as specified in the Operations Manual;

6. You will maintain and upgrade the Vehicle as specified from time-to-time in the Operations Manual so as to always use our then-current vehicle specifications for a TechKnowHow® Business.;

7. We recommend that you use an approved service center for repairs and maintenance of the vehicle; and

8. You will drive, park and store the vehicle in a safe and legal manner and location at all times.

V. Training

Prior to Franchisee opening the Business to the public, Franchisee, its Owners or Supervisor shall complete to our satisfaction the five (5) day training program required by this Agreement. At our option, key personnel subsequently employed by Franchisee shall also complete the training program. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee's designated individual's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to Franchisor. If Franchisee's new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee, its employees, or agents in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages. Franchisor shall not be obligated to provide the training program if (i) Franchisee or any Affiliate of Franchisee owns or operates a TechKnowHow® business as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement.

W. Ongoing Training and Support.

Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail during regular business hours. Franchisor will continue to consult with and advise Franchisee on Services; provide a telephone help hotline, free of charge, to answer questions from Franchisee or its staff (Section XX.A of this Agreement), provide the Manual specifications in addition to vendor, supplier, computer, software, product, marketing and operational updates as they become available; review advertising and supplier approval requests; and administer the System Advertising Fund.

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Before Franchisee opens a TechKnowHow® business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee shall list Franchisor as additional insured on all insurance policies. Franchisee will procure and maintain: general comprehensive liability insurance with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate (this policy should include a property insurance rider for leasing space to perform after school, summer camp and special event programs, general tort, personal and advertising injury) or in amounts specified by Franchisor; and business interruption insurance with liability limits we may specify.

Franchisee also will procure and maintain automobile liability insurance with coverage of owned and hired vehicles with coverage in amounts not less than $100,000 combined single limit (bodily and property damage) or what is in accordance with Franchisee’s state guidelines. Franchisee may also need

to procure and maintain statutory workers' compensation insurance with limits of greater than $100,000 or the minimum limits required by law.

If Franchisee chooses to open an office space, then for any construction, renovation, refurbishment or remodeling of the Premises, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders' risk and independent contractor's coverage) with limits of no less than $1,000,000 per claim, naming you and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

All insurance policies will name Franchisee as certificate holder and Franchisor as an additional named insured with waiver of subrogation by Franchisee for the benefit of Franchisor. Franchisor may establish minimum standards for coverage to be met by underwriters for insurance. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide Franchisor with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to Franchisor and may be deemed a material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance. Franchisor may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the franchised business.

Franchisee shall notify Franchisor immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee.

Franchisor makes no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee acknowledges that Franchisor shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish Franchisor with certified copies of each of the insurance policies described above on the earlier of the opening of the Business or sixty (60) days following the date this Agreement is executed.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis, are essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchise and who will attend the Business not less than once every two weeks for that purpose.

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of five (5) years, full, complete accurate records of sales, payroll, and accounts payable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide Franchisor all hard copy and electronic reports Franchisor prescribes. If Franchisor requires, Franchisee will deliver or provide electronic access to business records, including an itemized report of Franchisee's Gross Revenue and may include, to the extent that Franchisor requires:

1. Franchisee's payroll records, certification or records of Gross Revenue (as defined in Section X.A) for the month, week, day or period reported; and/or

2. Copies of any invoices and customer contracts with updated location information in any format Franchisor specifies;

3. Copies of all invoices for purchases of computers, products or supplies;

4. Copies of all merchant account printouts received from Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);

5. Copies of all bank deposits, and bank deposit records made by Franchisee; and

6. A complete list of all customers, their email addresses, physical addresses and telephone numbers, who have canceled or terminated Service, filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds greater than $100 during the preceding month, by the tenth (10^{th}) day of each month.

Franchisee acknowledges and agrees that Franchisor, at all times during and after termination, expiration or cancellation of this Agreement, has the right to access (electronically or otherwise) all Business Records of the Business. Franchisor may use, transfer, copy or analyze such Business Records as Franchisor determines in is sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer records, contracts, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a TechKnowHow® business, including but not limited to customers, employees, vendors and other professionals related to the Business.

Franchisee will be required by us to obtain specified computers and software, including, without limitation, a license to use Software if developed by us, or software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining, maintaining, upgrading, etc. the hardware and software and other systems (and additions, modifications, maintenance or support). We have the right to charge a reasonable fee for the license, modification, maintenance and/or support of Software (if developed) that we may license to Franchisee and other products and services that we furnish to you related to the computer and other systems.

Franchisee will adopt a fiscal year as designated by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to Franchisor accounting, tax and other information or copies of documents, as Franchisor requests.

B. Franchisor's Right to Audit

Franchisor or its agents may enter Franchisee's Premises to examine or audit Franchisee's business at any reasonable time without notice. Franchisor will examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. Franchisor will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Gross Revenue by 2% or more for any reported time period, in which case Franchisee will pay the audit costs plus interest at 18% per month for all understated Gross Revenues or the maximum rate allowed by the laws of the State in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay Franchisor all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse Franchisor for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an inspection discloses an understatement in any payment to Franchisor of 2% or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.C. These remedies shall be additional to any other remedies we may have pursuant to this Agreement and at law and equity.

C. Method of Payment

All payments Franchisee makes to Franchisor will be by any method Franchisor specifies, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to Franchisor and dollar amounts stated in this agreement are in United States dollars unless otherwise expressed. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to Franchisor. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

Franchisee will provide Franchisor with a copy of Franchisee's annual financial statements including a profit and loss statement and balance sheet and containing complete notes and disclosures. Such statements shall be prepared in accordance with U.S. generally accepted accounting principles, by an independent accountant, and will be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee grants Franchisor permission to release to Franchisee's lenders or prospective lenders and to Franchisor's purchasers or prospective purchasers and franchisees, any financial and operational information relating to Franchisee and/or the Business; however, Franchisor has no obligation to do so.

Franchisee authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and creditors concerning the Business and directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Business as Franchisor requests.

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. TKH Franchising, Inc., a California corporation, is the exclusive owner of the Names and Marks to establish TechKnowHow® franchises in the United States. Provided; however that Franchisor does not own the trademarks of The Lego Group of companies in addition to the K'NEX, Snap-Circuits or Game Maker companies and does not have a license from these companies to use such trademarks.

2. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and

3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. Franchisor and Franchisee shall investigate such use, applications, or registrations, if any, and Franchisor shall in its sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by Franchisor shall not constitute a

ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if Franchisor shall deem it necessary or appropriate to change the name of Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by Franchisor. Franchisor shall not otherwise be liable for any losses or any consequential damages, incidental damage, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). Franchisor shall have no obligation to reimburse Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

4. Franchisor will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operating Manual as well as Franchisor's policy statements, which underlie the goodwill associated with and symbolized by the Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from Franchisee website and accepted Premises;

3. Franchisee at all times during the term of this Agreement and any extensions hereof, shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify;

4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark "TechKnowHow®";

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of Franchisor's rights and material breach of this Agreement;

6. Franchisee must obtain Franchisor's approval for any use of any item of printed material of any kind bearing any of the Names and Marks, unless Franchisor supplied the item. Franchisor shall approve or deny Franchisee's request, which approval is at Franchisor's sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of Trademark registrations and copyrights as Franchisor specifies;

7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;

8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name, nor shall Franchisee use any name or trademark associated with The Lego Group of companies or the K'NEX, Snap-Circuits or Game Maker companies in its corporate name;

9. Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet or any Website including but not limited to, addresses, domain names, URLs, links, metatags, locators and search techniques;

10. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for Franchisor's Names and Marks or to maintain their continued validity and enforceability; and

11. In any litigation involving the Names and Marks that is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and cooperate fully with Franchisor in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the sole opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other interested party in the Names and Marks. Other than what is stated in this Agreement, Franchisor is not obligated to protect Franchisee's right to use the Trademarks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Trademark or to change the trademarks at Franchisee's expense. Franchisor will control any and all such litigation, arbitration, and mediation involving Franchisor's trademarks. Franchisee has no authority to institute any litigation, file any arbitration, or institute any request for mediation regarding Franchisor's trademarks, nor does Franchisee have any authority to enter into any settlement negotiations;

12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts and contracts, as well as at such conspicuous locations on the Premises of the Business as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

13. Franchisee agrees to follow all of Franchisor's quality standards that are inherent in Franchisor's Names and Marks. Such quality standards are contained in the Operations

Manual, as well as various policy statements issued by Franchisor, and may be changed from time to time at Franchisor's sole discretion.

C. Franchisee Will Not Challenge Franchisor's Rights in Its Names and Marks

Franchisee acknowledges and agrees that:

1. As between the parties, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the TKH Franchising, Inc. System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall belong solely and exclusively to Franchisor, and on expiration or termination of this Agreement and Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;

7. Franchisee agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. Franchisor cannot and does not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to Franchisor with superior rights;

8. Franchisee agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person or corporation.

9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:

   a. To use the Names and Marks itself in connection with selling Services and products;

   b. To use the Names and Marks to 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 Franchisor may specify and only with Franchisor's prior written consent. Franchisor retains the right to approve any linking to or other use of the TechKnowHow® website;

c. To grant other franchises or licenses for the Names and Marks, in addition to those already granted to existing franchisees; and

d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

10. Franchisee acknowledges and agrees that Franchisor has the unrestricted right to engage, directly or indirectly, through its employees, representatives, licensees, assignees, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and/or Software (if developed) bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System products and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System product and/or Software or non-System products or software without Franchisor's written consent.

D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the Intellectual Property, the Names and Marks, all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, employees, Instructors and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Provided; however that Franchisor does not own the trademarks of The Lego Group of companies or the K'NEX, Snap-Circuits or Game Maker companies, and does not have a license from these companies to use such trademarks. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's customers, Instructors and employees including information we may request related to such customers, Instructors and employees. The use of any or all such intellectual property shall not create in Franchisee or its Owners interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee nor any of its Owners or employees shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that Franchisor shall own all intellectual property rights to any materials provided to Franchisee by Franchisor, or developed by Franchisee pursuant to this Agreement. Franchisee agrees to execute all documents as deemed reasonably necessary by Franchisor to carry out such assignment. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods and processes, including complete and entire interactive rights and rights to derivative works.

XVI. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, after school, summer camp and special event programs, Curriculum, workbooks and materials; computers, products, Software, vehicle appearance specifications, customer service standards, business strategies, hiring techniques of the Business and the Operations Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Any person or entity, which has, been or become franchisees of the System and any investors therein;

2. Any person or entity, which has, have been or become customers of the TechKnowHow® business;

3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;

4. The operating procedures of the System, including without limitation: selecting and securing locations, conducting after school, summer camp and special event programs; teaching methods and techniques, using computers and products, product knowledge, safety procedures, usage of software, cost and pricing strategies, contracts, forms and waivers; bookkeeping, accounting systems and procedures, training employees, website information and maintenance, management, advertising, promotional, sales and marketing methods in addition to lists of vendors and suppliers;

5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, revenues, sales, profitability, earnings and losses and capital and debt structures;

6. The Services and products (if Franchisor authorizes Franchisee to sell products) offered to customers of a TechKnowHow® business, including, without limitation, the scope of services performed and services refused as well as all future service and product development plans, marketing strategies; and

7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years, following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Confidential Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents and representatives, as must have access to it in order to operate the TechKnowHow® business. Franchisee must follow all Franchisor's security procedures, which include the execution and delivery to

Franchisor of approved nondisclosure or non-competition agreement from each such Instructor, employee, agent or representative within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the Confidential Information of Franchisor and also contain other terms.

The Manuals are and remain the exclusive property of Franchisor. Franchisor will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to Franchisor at the termination or expiration of this Agreement for any reason, or at any other time at Franchisor's request. The Manuals contain mandatory and suggested specifications, standards and operating procedures that Franchisor prescribes for franchised businesses and contain information about Franchisee's other obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its programs, Curriculum, Services, image, specifications, procedures and methods of operation; and will lend Franchisee copies of any changes or additions. However, Franchisor will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee cannot copy any part of the Manuals (except for designated training sections), either physically or electronically. If Franchisee's copy or the Manuals are lost, destroyed or significantly damaged, Franchisee must replace the Manual at its own expense as set forth in Section XX.G.

C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees, or allow any former franchisee to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by Franchisor or which bear any of Franchisor’s Names and Marks; any other materials or publications of Franchisor, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.

2. Franchisee will not refer actual or prospective customers to any former franchisee.

3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.

4. If Franchisee observes any former franchisee using any of Franchisor’s Names and Marks in any way, or utilizing a business facility (including any vehicles) for which Franchisor’s Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to Franchisor along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a TechKnowHow® franchisee.

6. The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

i. Franchisee receives a new franchisee directory in which franchisee does not appear; or

ii. Franchisee receives written notice from Franchisor that one or more particular franchise agreements have expired or been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which Franchisor may have.

E. Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in or to any patents that are material to Franchise at this time. However, Franchisor claims copyright protection for the Curriculum, workbooks, Operations Manual, Software (if developed), website and all promotions, marketing, sales, advertising and all operations materials. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Franchisor claims rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest Franchisor’s Ownership Right To Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee acknowledges and agrees that:

1. Franchisor’s Confidential Information, trade secrets, copyrights, and patent rights are valid;

2. Franchisee shall not directly or indirectly contest the validity or the ownership of Franchisor’s Confidential Information, trade secrets, copyrights, and patents;

3. Franchisee's use of Franchisor’s Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

4. Any goodwill arising from Franchisee's use of Franchisor’s Confidential Information, trade secrets, copyrights and patents in its Business under the System shall inure solely and exclusively to Franchisor's benefit, and on expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as

attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

5. Franchisor reserves the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;
6. Franchisee shall comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. Franchisor cannot and does not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents;

7. Franchisee agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights, and patents in Franchisee's name or that of any other firm, person or corporation;

8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others:

    a. To use the trade secrets, Confidential Information, patents, and copyrights and itself in connection with offering services;

    b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements.

    c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and

    d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee acknowledges and agrees that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products included as part of the System.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order,

writ, injunction, award or decree of any court, agency, or other government instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons. Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act on which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

C. Franchisee May Contest Tax Assessments

In any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, lien or attachment by a creditor to occur against the site of the Business, or any improvements thereon (if applicable).

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee acknowledges and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of Franchisor's officers, directors, shareholders and employees. Franchisee acknowledges and agrees that Franchisor, and its officers, directors, shareholders and employees, shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms “claim, loss or obligation” will include compensatory, exemplary or punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to Franchisor’s reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold Franchisor and Franchisor's officers, directors, members, partners, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee’s ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor, Instructor or employee of Franchisee’s including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the

Confidential Information. This provision includes all claims as indicated above, of Franchisor, directly against Franchisee (without a third party involvement) due to acts or omissions of Franchisee in which Franchisor suffers damages including but not limited to, harm to its goodwill and reputation.

Franchisor will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim or arbitration against and/or including us and/or Franchisor-related persons/entities, or affecting our and/or their interests with no obligation to you and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive this Agreement.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The parties agree that each covenant and provision herein shall be deemed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants and provisions in this Agreement is held to be unenforceable or unreasonable by a court or agency having jurisdiction in any final decision to which Franchisor is a party, Franchisee agrees to be bound by any lesser covenant or provision subsumed within the terms of such covenant or provision that imposes the maximum duty permitted by law, as if the resulting covenant or provision were separately stated in and made a part of this Agreement.

B. Franchisee's Principals

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders officers, directors, and other operational personnel whom we designates as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 5 of this Agreement.

C. Franchisee Will Not Compete Against Franchisor

Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding after school, summer camp and special event programs, Curriculum and materials, teaching techniques, methods and formats; location standards, how to select and negotiate locations, cost and pricing strategies, computer specifications, products and product knowledge, customer service, hiring and retention techniques, vehicle graphic specifications, operational procedures, sales, promotional, advertising and marketing methods and the System. Franchisee agrees that, during the term of this Agreement, except as otherwise approved in writing by us, Franchisee shall not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed or was at any time during the prior twelve (12) months employed by us or by any other franchisee or affiliate, or otherwise directly or indirectly induce such person to leave his or her employment.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of three (3) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with

respect to the enforcement of this Section XIX.C, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any business using any aspect of the System, the overall TechKnowHow® business concept, with similar services and/or products of a TechKnowHow® business within a twenty-five (25) mile radius of the Premises designated hereunder, or within a twenty-five (25) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in consideration for access to trade secrets provided as a part of Franchisor's training or ongoing support programs. In any jurisdiction in which the covenant in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee grants Franchisor an option to purchase Franchisee's business on expiration or termination of this Agreement. Franchisor may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). On termination or expiration, Franchisee will deliver to Franchisor a list of these Assets (as described in Section XXIV.G) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement the term “publicly-held corporation” shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of three (3) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or to any customers of its Business or any other franchisees including company-owned businesses under the TechKnowHow® business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or

3. Induce, directly or indirectly, any person (regardless of position) who is at that time employed by Franchisor or by any other franchisee of Franchisor, to leave his or her employment. This also applies to any person (regardless of position) who was at any time during the prior twelve (12) months employed by Franchisor, company-owned business or by any other franchisee of Franchisor. The only exception is if Franchisee receives written consent by Franchisor or any other franchisee and works out some type

of an arrangement to compensate the former employer for reasonable costs and expenses related to replacing the person.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which it is entitled, in order to protect its Names and Marks, Services, Products, Confidential Information, programs, proprietary materials and rights, and goodwill, Franchisor may seek a permanent injunction and the preliminary or temporary equitable relief Franchisor deems necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that Franchisor may obtain the injunctive relief and enter it in any court or arbitration forum that Franchisor deems appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of Franchisor to avoid irreparable harm and to protect, Franchisor's Names and Marks, Services, Products, Confidential Information, programs, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that Franchisor has an adequate remedy at law. Franchisee waives any requirement that Franchisor post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section XIX.

H. No Right of Set-Off

Franchisee agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section XIX and that there shall be no set off for Franchisee's claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor in connection with the enforcement of this Section XIX.

I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by California and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting Franchisee.

XX. OBLIGATIONS OF FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

Franchisor will provide Franchisee with the following assistance and services:

A. The Training Program

Franchisor will provide the initial training program at its headquarters or another location of its choice. Initial training will take place after Franchisee pays the initial Franchisee fee, but before Franchisee opens for business. Franchisor will provide this initial training (five day training program for a TechKnowHow® business) without charge to Franchisee for up to two of its Owners and/or Supervisors (total of three people) as designated by Franchisee no later than thirty (30) days before the date Franchisee anticipates the Opening of the Business (as defined in Section IX). Franchisee will, however,

be responsible for travel, accommodation and other costs for all its attendees. Franchisee must attend and satisfactorily complete training no later than thirty (30) days before the Opening of the Business. If Franchisee fails to timely complete the initial training program to Franchisor's satisfaction, Franchisor may terminate this Agreement as described in Section XXIII.C. Any managing partner, member, shareholder and/or manager designated by Franchisee must be trained by Franchisor within thirty (30) to ninety (90) days of first employment, at Franchisee's cost as provided below.

Franchisor may reasonably require Franchisee, its Owners and/or Supervisors to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Any such training within thirty (30) days before the Opening of the Business will be at no charge to Franchisee. Thereafter, Franchisee must pay for such training at Franchisor's actual cost of up to $300 per person per day. Franchisee must also pay travel, food, and accommodations and all other related expenses. Franchisor will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, Franchisor may provide additional training to Franchisee or its Owners and/or Supervisors at Franchisee's request. Franchisee will pay Franchisor the charges that Franchisor reasonably determines. Franchisee will be responsible for travel and accommodation expenses of its trainees. If Franchisor provides training at Franchisee's location, at Franchisee's request, Franchisee will be responsible for Franchisor's travel, accommodation and other related costs.

Franchisor offers training resources, such as a Pre-Opening Manual, to assist franchisee at its business location. Franchisee shall give Franchisor not less than twenty-one (21) days' notice of when Franchisee is available for training. Training dates must be mutually agreed on by Franchisee and Franchisor.

(i.) Franchisor shall offer additional training resources to Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference and/or information available through the intranet system for the benefit of Franchisee and Franchisee's employees. Franchisor may charge a reasonable fee for additional training if deemed appropriate (distinct from Continuing Education) but not to exceed a pro-rated amount of the advanced/additional training fee. Any and all traveling, living and other expenses incurred by Franchisee or Franchisee's representatives or employees attending Franchisor's training shall be paid by Franchisee.

(ii.) Franchisor may conduct an annual conference at such place as shall be designated by it for all franchisees but initially will most likely be Franchisor's headquarters. A registration fee for each participant may be required not to exceed $500 per person plus our expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.

(iii.) Franchisor may provide Continuing Education sessions at locations designated by it but most likely at our headquarters. Continuing Education sessions may have a registration charge of $300 per day per person. Franchisee is responsible for costs associated with attending the meetings such as travel, room and board. The programs will normally not exceed two (2) days. Content will cover particular aspects of the franchise including but not limited to new after school, summer camp and special event programs, Curriculum,

teaching the Curriculum, registration and scheduling sessions, industry trends, securing locations, safety, website, software, sales and marketing, administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

Franchisor shall also offer additional training resources to Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, curriculum training programs, annual convention and information available through Franchisor's intranet system for the benefit of Franchisee and Franchisee's employees. After completion of the initial training program, any additional training may be subject to a fee of up to $300 per person per day. Any and all traveling, living and other expenses incurred by Franchisee or Franchisee's representatives or employees attending any training shall be paid by Franchisee.

As part of the initial training program, Franchisor will provide Franchisee with methods of operations that include but are not limited to: conducting after school, summer camp and special event programs; the Curriculum, products, identifying and negotiating locations, hiring Instructors, safety procedures, customer service standards, suggested pricing for Services in addition to sales, advertising, marketing and promotional programs that have been developed by us (or our affiliates) and are necessary in the operation of each Business. Franchisor will provide Franchisee with the Curriculum that Franchisee is required to use to teach each program Franchisee offers in its Business at no cost to Franchisee. Franchisor will also provide Franchisee with new and updated Curriculum that Franchisor will continue to develop also at no cost to Franchisee. Franchisee is responsible for purchasing workbook materials and any supplies that complement the Curriculum and must offer a minimum of one (1) new and/or updated Curriculum each calendar year. Franchisor reserves the right, in its sole discretion, to add, modify, change or discontinue any program, Curriculum and/or Service from time to time as specified in Section XII.H. Franchisee will be responsible for all costs associated with administration of such changes.

Franchisor will provide Franchisee with any Software, if developed. Franchisor will provide specifications for computers and software programs necessary to operate the Business that includes training for such software as part of the initial franchise training program. In addition, Franchisor may provide technical support, ongoing assistance, consultation and upgrade requirements for Franchisee's computers and software programs. Franchisor will update and make changes to its Software, if developed, as Franchisor deems necessary. All costs associated with installation, upgrading, protecting and maintaining the computers and all other software programs necessary for the operation of the Business are the sole responsibility of Franchisee.

Franchisor will provide up to three (3) days of assistance and guidance to Franchisee at its Business to help conduct programs, secure locations, market and assist with general operations. Such additional assistance must be completed within sixty (60) days after the initial five (5) day training has been completed to Franchisor's satisfaction. Any costs incurred by Franchisor in connection with such assistance and guidance to Franchisee will be paid by Franchisor as part of the initial training program. If Franchisee does not take advantage of this onsite assistance and guidance within the sixty (60) day period as described above, Franchisor is not obligated to provide such assistance to Franchisee without charging an additional training fee of $300 per person per day.

Franchisor, in its sole discretion, will provide additional guidance in the operation of the TechKnowHow® business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours Pacific Time zone). Guidance may also be furnished in writing, telephonically, through training programs and/or on site consultations, web based computer training, among other methods. Onsite consultations are subject to additional training fees as mentioned above.

Franchisor will provide guidance to Franchisee in its efforts to obtain all certifications, licenses and permits required to operate the Business. However it is Franchisee's responsibility and obligation to obtain and maintain all such certifications, licenses and permits and all out of pocket costs associated with obtaining and maintaining such certifications, licenses and permits as described in Section XII.C of this Agreement.

Franchisor may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by Franchisor, pursuant to Section X.C.

Franchisor may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning special programs or promotions, new developments, techniques and improvements to management that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. Franchisor may also establish a franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to Franchisees. Franchisor has the power to dissolve, merge or change such peer groups.

Franchisor shall also provide guidance for the requirements, if any, for a computer and related software programs. In addition, Franchisor shall provide guidance for establishing a standardized accounting, bookkeeping and cost management control systems.

Franchisor will provide a telephone help hotline, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, Pacific Time zone). Franchisee will also be able to send us questions and suggestions using Internet email or internal Internet portal as described above. Franchisor will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

The Initial Training Program shall not be provided if (i) Franchisee or any Affiliate of Franchisee owns or operates a TechKnowHow® business as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement.

All obligations of Franchisor under this Agreement shall benefit only Franchisor and Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Website

Franchisor will provide to Franchisee a TechKnowHow® URL or website housed within the corporate website at no additional cost. Franchisee may customize parts of the website however the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the website and/or any Website promotions over the Internet must be performed by Franchisor, its affiliates and/or approved vendors. On approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes as described in Section X.C of this Agreement. Franchisor shall own all copyright and other intellectual property rights to the website, as well as the contents of the website and any other Website on expiration or termination of this Agreement as described in Section XXIV.E.

C. Premises Selection, Layout and Design

If Franchisee chooses to open an office space, provided that Franchisee leases a space in an existing building, Franchisor will assist Franchisee in the review of the layout and design of the Premises prior to Franchisee signing a lease. The complete build out, costs of leasehold improvements, signs, furniture, fixtures, office equipment necessary for finishing out a Premises are the responsibility of Franchisee. In addition, Franchisee may be required to adapt, at Franchisee's expense, suggested plans and specifications to the Premises, subject to Franchisor's approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria. .

Franchisor does not represent that Franchiser has expertise in selecting office space. Franchisor approval of an office space is not a representation or warranty that TechKnowHow® business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval only indicates that the proposed office space meets our minimum criteria. Franchisee agrees that Franchisor approval or disapproval of a proposed office space does not impose any liability on Franchisor.

Franchisee acknowledges and agrees that Franchisor has the right to modify the suggested plans and specifications for the Premises as Franchisor deems appropriate, periodically (however Franchisor will not modify the suggested plans and specifications for the Premises developed pursuant to this Agreement once those plans and specifications have been given to Franchisee).

D. Selecting Locations to Conduct Programs

Franchisor will provide Franchisee with Franchisor's location standards, a list of guidelines for selecting locations and negotiating payment at locations to conduct after school, summer camp or special event programs within Franchisee's Territory. Location standards and list of guidelines will be provided to Franchisee during the initial training program and also specified in the Operations Manual. It is Franchisee's responsibility to identify and secure locations for conducting after school, summer camp or special event programs that meet or exceed Franchisor's standards. The factors that Franchisor considers when selecting locations include general location, proximity to major roads, convenience, lighting, safety, traffic, type of activity and physical characteristics of the location such as size and layout. Typical locations include private and/or public schools, universities, community centers, parks, recreation centers, camp grounds and other such venues. Franchisor will also provide guidance and assistance to Franchisee when identifying and selecting locations and offer to help review payment arrangements that Franchisee negotiates for each location (if applicable). It is not required that Franchisee seeks Franchisor's assistance when selecting locations or negotiating payment, however Franchisor is available to help Franchisee to evaluate each proposed location and review the payment arrangements that Franchisee negotiates on a case-by-case basis.

Franchisor does not represent that Franchisor has expertise in selecting locations or negotiating payment arrangements. Franchisor's approval of a location and/or payment arrangement is not a representation or warranty that the after school, summer camp or special event programs you conduct at such location will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed location meets Franchisor's minimum criteria for identifying locations and the terms of the payment arrangement is fair based on Franchisor's experience. Franchisee agrees that if Franchisor disapproves of a proposed location it is ultimately Franchisee's decision to move forward and it does not impose any liability on Franchisor.

E. Hiring Standards for Instructors

Franchisor will provide Franchisee with recommended qualification processes and comprehensive hiring guidelines when hiring Instructors (defined in Section XII.F of this Agreement) for the Business. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at Franchisor's discretion. Franchisee can negotiate any rate for Instructors. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Instructors. Franchisee acknowledges that Franchisor has made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Instructors are the sole responsibility of Franchisee.

Failure of Franchisee to adhere to our qualification process for Instructors and standards for employment (as described in Section XII.F of this Agreement and the Operations Manual) may be considered a breach of this Agreement and Franchisor may terminate, in its sole discretion the Agreement, except where Franchisee has reasonable cause to deviate from our standards (Section XXIII.C of this Agreement).

F. No Warranties Other than in Writing

With respect to any computer, software, products, supplies and/or services provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed.

Franchisor is not liable for any guarantee or warranty Franchisee, its Owners, manager or employees of Franchisee make to a customer or to any third party. Franchisee will fully comply with any Franchisor customer service program Franchisor may develop and implement. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee (if applicable).

G. Operations Manuals

Franchisor will revise the Operations Manual and contents of other manuals and materials created or approved for use in the operation of the Business, from time to time as Franchisor deems necessary to improve on the methods of operations. Franchisee agrees that each new or changed standard shall be deemed effective on receipt by Franchisee or as specified in such standard. Franchisor will lend Franchisee the confidential Pre-Opening Manual and Operations Manual for the initial training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of either

the Pre-Opening Manual or the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to Franchisor, Franchisee must replace the Operations Manual at its own expense.

Franchisee shall at all times treat the Operations Manual, the Pre-Opening Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a TechKnowHow® business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of Franchisor and shall at all times be kept and maintained in a secure place at Franchisee's Premises.

Franchisee shall at all times ensure that its copy of the Operation Manuals is kept current and up-to-date; and, in the event of any dispute as to the contents of the Operation Manuals, the master copy of the Operation Manuals maintained by Franchisor at the corporate offices shall be controlling.

Any suggestions Franchisee may have concerning the improvement of Franchisor's website or Franchisee's website, Services, Products, service format, advertising, promotional and marketing materials are encouraged and shall be considered by Franchisor when adopting or modifying the standards, specifications and procedures for the System.

H. Selecting Vendors, Suppliers and Vehicle Specifications

Franchisor shall provide Franchisee a list of approved vendors and suppliers that may include or be limited to us or our affiliates for computers, software, products, supplies, apparel, vehicle graphics, advertising and marketing materials in addition to apparel and any other technology or science-related product and/or supply necessary for the operation of the Business. Franchisee may submit in writing alternate vendors or suppliers to Franchisor for approval as described in Section XII.I of this Agreement.

Franchisor will provide recommendations for software programs necessary for the operation of the Business. All costs associated with installation, upgrading, protecting and maintaining a computer and all software programs necessary for the operation of the Business are the sole responsibility of Franchisee. Franchisor will also provide Franchisee with appearance specifications for a vehicle necessary for the operation of the Business that includes exterior graphics. Franchisee can use an existing vehicle (as described in Section XII.I of this Agreement) or purchase a used or new vehicle for the operation of the Business as specified in the Operations Manual. Franchisee's vehicle must adhere to Franchisor's appearance standards. All costs associated with obtaining and maintaining a vehicle is the sole responsibility of Franchisee.

I. Availability of Products and Supplies

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of computers, software, products, supplies, vehicle graphics, advertising and marketing materials for purchase by you. We require that Franchisee purchase computers, software, products, supplies, vehicle graphics, apparel, advertising and marketing materials and/or other products and supplies from us and/or our affiliates. We will provide you a list of our approved vendors and you are responsible for acquiring such items

necessary for the operation of a TechKnowHow® business. Items provided by us will be competitively priced, taking into account equivalent quality and other considerations as specified in the Operations Manual.

Franchisor reserves the right to establish suggested retail prices on certain Services and products (if Franchisor allows Franchisee to sell products in the future) from time to time based on competition prevalent within the extracurricular enrichment program industry. Franchisor shall publish inventory and minimum representation requirements in the Operations Manual and such requirements may be amended from time to time by Franchisor and in Franchisor's sole discretion (currently not in effect).

Franchisor reserves the right to implement a centralized purchasing system for Franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion as more fully described in Section XII.I. Franchisor reserves the right to require Franchisees to purchase all computers, software, products, supplies, vehicle graphics, apparel, advertising and marketing materials and/or other such products and supplies through Franchisor's proprietary business to business intranet system.

J. Advertising and Promotion

Franchisor shall develop and provide creative materials for local and regional advertising and make such advertising materials available to its Franchisees for publication or distribution in Franchisee's market area at Franchisee's own expense. Franchisor shall provide specific guidelines for advertising initiated by individual Franchisees and shall reserve the right to disapprove any advertising, which, in Franchisor's opinion, is not in accordance with these guidelines. However, no approval shall be unreasonably withheld or denied. Immediately on notification to do so, Franchisee shall discontinue any advertising that would, in Franchisor's opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. Suggested Pricing for Services

Franchisor shall provide Franchisee with guidance and suggested pricing for Services and products (if Franchisor allows Franchisee to sell products in the future) offered by its franchisees. Franchisee shall have the right to offer Services and products at any price Franchisee may determine, except that we reserve the right to establish minimum and maximum pricing for any given Service or product nationwide to the extent allowed by federal and state laws. Suggested pricing for Services and products may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service and/or product at any price recommended by us, Franchisee acknowledges that we make no guarantee or warranty that offering such Services or products at the recommended prices will enhance Franchisee's sales or profits.

Franchisor will provide to Franchisee a sample set of forms including contracts, waivers, customer agreements, marketing materials and various operational forms for use in a TechKnowHow® business. Franchisor does not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At Franchisor's discretion, any and all forms used by Franchisee shall be subject to Franchisor's review and approval and Franchisor's decision of such approval will be provided within thirty (30) days after such forms are received by Franchisor.

Franchisor will continue to research and develop new programs, Curriculum, Services and products as Franchisor deems appropriate and in its sole discretion. Franchisor may conduct market

research and testing to determine consumer trends and salability of new programs, Curriculum, Services and products. If Franchisor chooses Franchisee, Franchisee will participate in a market research program to test market such new programs, Curriculum, Services and products in the Business and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products being tested that will be necessary to execute any new programs, Curriculum or Services.

Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions disseminated by us periodically.

L. Business Planning Assistance

After Franchisee signs this Agreement, Franchisor may review and comment on any business plan and pro forma financial projections Franchisee prepares. Franchisor does not represent that Franchisor has expertise in reviewing or developing business plans. Franchisor's review and commentary of a business plan or financial pro-forma is not a representation or warranty that Franchisee's business will be accomplished or will be profitable or that Franchisee's sales, volume or revenues will attain any pre-determined levels. Franchisor's review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on Franchisor. Franchisee specifically acknowledges that Franchisor has not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based on peculiarities of a particular Business or circumstance, business potential, demographics, density of population or trade area, existing business practices, or any other condition Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation, unless the laws of Franchisee's state expressly requires Franchisor to grant such similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion", "sole discretion" and/or "Business Judgment", or similar phrases, whether in this Agreement or another context, you and we agree that we have the unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other franchisee(s). You, we and other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS

A. Relocation

Any relocation of the Business (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at Franchisee sole expense and (4) may require that Franchisee (and each Owner) sign the general release.

B. Assignment by Franchisee

Franchisee shall not voluntarily or involuntarily transfer or encumber any interest in or ownership or control of Franchisee, the franchised business or this Agreement (however Franchisee is allowed to transfer up to 20% of its shares or other ownership interests as described below), except in the ordinary course, of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business (if applicable), without Franchisor's prior written consent, which will not be unreasonably withheld. Any attempted transfer of any interest in the Business without Franchisor's prior written consent will be a default under the terms of this Agreement, and will be voidable by Franchisor. In granting any such consent, Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Agreement, including being paid in full on all fees due and having settled all outstanding accounts with Franchisor, Franchisor's affiliates and all suppliers;

2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet the then-applicable standards of Franchisor;

3. The proposed transferee (or its owners if an Entity, managers, directors or officers) must not operate a franchise, license another or operate any other business offering services and products similar to those offered by a TechKnowHow® business;

4. Franchisor shall charge a flat transfer fee of $5,000 to Franchisee. The transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, telephone charges, out of pocket costs properly attributable to the transfer). In addition if the transferee was already in Franchisor's lead database at the time of first contact between Franchisee and the transferee, Franchisor may require Franchisee to pay the referral fee, in addition to the flat $5,000 above, then being charged by Franchisor plus the amount of any broker fees that Franchisor is responsible for paying to third parties (does not include employees of Franchisor);

5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost of $300 per person per day and our expenses, subject to increase from time to time;

6. Franchisee shall have substantially complied with all the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our 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 (see attached Schedule 6);

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement, hereinafter provided;

9. The transferee must meet Franchisor's subjective and objective standards, including experience, talent, skills, educational, managerial, business, and financial capacity; has the aptitude and ability to conduct a TechKnowHow® business; and has adequate financial resources and capital to operate the Business;

10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign a standard form franchise agreement then being used by us, but, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement. In addition to the then current franchise agreement being used by us, the transferee shall sign all other ancillary agreements as we may require for the Business, which agreements shall supersede this Agreement in all respects and the terms of which Agreements may differ from the terms of this Agreement, including, without limitation, a higher Franchise Fee, royalty fee payments, renewal rights and advertising contribution;

11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

12. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and government authorities for all material permits, approvals and licenses;

14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity without violating this provision, provided that in connection with any such transfer the transferee executes the same guarantee and other agreements which would be required on execution of this Agreement by Franchisee, if such transferee has then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership

in Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee, and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;

17. Franchisee agrees that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;

19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert customers of Franchisor, or attempt to hire employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section XIX.C of this Agreement; and

20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other TechKnowHow® business that Franchisee or its Principals own and operate) identify itself or any business as a current or former TechKnowHow® business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a TechKnowHow® business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, Franchisor has the right to reject any proposed purchase of the assets of the Franchised business or the stock, membership units, or partnership units of the Franchised business on the grounds that the proposed Franchisee has in the sole opinion of Franchisor taken on too much debt.

C. Assignment by Franchisor and Right of First Refusal

Franchisor has an unrestricted right to purchase, transfer or assign its rights or obligations under this Agreement to any transferee or other legal successor to the interests of Franchisor and will give Franchisee thirty (30) days written notice of Franchisor's decision to exercise Franchisor's right of first refusal.

We have a right of first refusal regarding any proposed transfer, by you or an Owner of you, subject to this Agreement, excluding only those transfers that are subject to Section XXII.B. For each non-excluded proposed transfer, during the term of this Agreement, if Franchisee, or any Owner of Franchisee wishes to sell or otherwise transfer an interest in this Agreement, a TechKnowHow® Franchised Business, or an ownership interest in Franchisee (except Franchisor's right of first refusal will not be exercised as described above), then you will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit of $5,000 (if a proposed disposition is part of a transaction involving additional TechKnowHow® businesses, operating under other Franchise Agreements or license agreements with us, the proposed buyer must pay you this earnest money deposit for each TechKnowHow® business, involved).

If we do not exercise our right of first refusal, Franchisee or its Owners may complete the transfer to the proposed buyer on the original offer's terms, but subject to our approval of the transfer as provided in Section XXII.B above and further provided, after the transfer, the TechKnowHow® business must continue to operate as a TechKnowHow® business. This means that, even if we do not exercise our right of first refusal, if the proposed transfer otherwise would not be allowed under Section XXII.B and Section XXII.C above, you or your managing partners, members or shareholders may not move forward with the transfer at all. If, after the transfer is determined to be valid, Franchisee no longer continues to operate a TechKnowHow® business, or any other type of materially related business, then Franchisee may complete the sale (with our approval) to the proposed buyer as long as Franchisee complies with Section XXII.E of this Agreement. If the sale is not consummated, Franchisor's right shall continue as described below.

D. Transfer On Death or Mental Incapacity

On death or mental incapacity of any person with an interest in the TechKnowHow® Business, the executor, administrator, or personal representative of that person must transfer his or her interest to a third party approved by Franchisor within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, Franchisor may terminate this Agreement.

Pending assignment, on the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal, a manager shall be employed for the operation of the Business who has successfully completed Franchisor's training courses to operate the Business for the account of Franchisee. If after the death or disability of the Principal, the Business is not being managed by such trained manager, Franchisor is authorized to appoint a manager to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding ninety (90) days without the approval of the personal representative of the Principal; such manager shall be deemed an employee of Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to the Fees due, Franchisor shall charge such fund the full amount of the direct expenses incurred by Franchisor during such period of management for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Franchisor-appointed or approved manager.

Within thirty (30) days after transfer of the franchise to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify Franchisor in writing and make application for approval of such transfer. The application for the transfer is subject to the same conditions, procedures and costs as assignment of any other franchise except that there will be no transfer fee.

E. Sale of Franchised Business

If Franchisee (or its shareholders, managing partners or owners) desire to sell the TechKnowHow® Franchised Business, then within ten (10) business days after receipt by Franchisee (or its heirs, estate, guardian, trustee or assigns) of a bona fide offer acceptable to Franchisee to buy the franchised business, Franchisee will notify Franchisor of the offer in writing, enclosing a signed copy of the offer. Franchisor or its assignee may then purchase (exercise its right of first refusal as described in Section XXII.C) and acquire the franchised business and Franchisee's rights under this Agreement at the price and on the same terms and conditions as offered to Franchisee. Franchisor may substitute cash for any other form of consideration contained in the offer and, at Franchisor's option, may pay the entire purchase price at closing. Franchisor may exercise this right to purchase in writing within thirty (30) days after receiving Franchisee's notice.

If Franchisor does not exercise its right to purchase within thirty (30) days, Franchisee may thereafter sell the franchised business to the third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Sale is subject to Franchisor's prior written approval as specified in this Agreement. If Franchisee does not sell the franchised business to the assignee within ninety (90) days from the date it is offered to Franchisor, then Franchisee must again extend the first right of refusal to Franchisor before transfer to a third party.

To enable Franchisor to determine if it will exercise its option, Franchisee, managing partners, shareholders or members, shall provide such information and documentation, including financial statements, as Franchisor may require (as noted below). In the event that Franchisor elects to purchase said interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase said Interest by Franchisor. Failure of Franchisor to exercise the option afforded by this Section XXII.D shall not constitute a waiver of any other provision of this Agreement,

including all of the requirements of this Section XXII.B, with respect to a proposed transfer of any interest. Any subsequent change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

Franchisor may, by delivering written notice to Franchisee or its Owners, within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that Franchisee compiles and consists of Franchisee's TechKnowHow® financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the TechKnowHow® current lease (if applicable and if we do not already have it), information about the number and compensation of employees working at the TechKnowHow® Business, and a description of competing after school, summer camp or special event related businesses offering similar Services and Products operating within the Territory. If we notify you within thirty (30) days after the Trigger Date (the "First Notice Deadline") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "Due Diligence Deadline". If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

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

2) Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination). Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity right of our owners will also be senior to the promissory notes given to you;

3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and

4) Franchisor must receive, and Franchisee agrees to provide all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:

    (i) Ownership and condition of and title to ownership interests and/or

    (ii) Liens and encumbrances relating to ownership interests and/or assets;

    (iii) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

    (iv) All vehicles (if applicable) are in good working condition, and suitable for sale;

    (v) No litigation or administrative proceedings pending against Franchisee, or any of its officers, directors, shareholders, members, or partner arising out of Franchisee's business.

(vi) There are no notices from any federal, state, or local government authority to make any changes to the Business or that negatively affect it.

(v) Franchisee has authority to sell the assets of its business, including a copy of all director, shareholder, member, or partner resolutions.

(vi) Franchisee will comply with the Bulk Sales Act, if required under the laws of Franchisee's state.

(vii) There will be no material adverse change in the operation of Franchisee's business between the Date of Signature of any Asset Purchase Agreement, and the Date of Settlement.

(viii) Franchisee will not enter into any transaction between the Date of Signature and the Date of Settlement other than in the ordinary course of business.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to Franchisor), Franchisor will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's option. If Franchisor once again does not do so, but Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days Franchisor notifies Franchisee of that fact, then any proposed sale or transfer thereafter once again must comply with all of the provisions of this Section XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations such as obtaining the prior written approval of Franchisor, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither Franchisor nor its employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that Franchisor has a reasonable time to the review any reference to Franchisor or its franchisees in any prospectus or offering documents before their distribution or use, (iv) pay Franchisor actual legal costs incurred for its review, (v) indemnify Franchisor, its officers, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from ongoing obligations to shareholders and to government agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as Franchisor may reasonably require and (vii) disclose Franchisor's ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

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. Franchisor and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that then applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request Franchisor's assistance in locating a buyer for the TechKnowHow® business. Franchisor may, at Franchisor's option, provide such assistance in accordance

with policies and procedures in the Operations Manual. Franchisor reserves the right to charge Franchisee a fee ("Resale Fee") to cover Franchisor's reasonable costs and expenses (including the time committed by Franchisor's employees) incurred in providing such assistance. If Franchisor elects to assist Franchisee in finding a buyer for the Business in any way, Franchisor makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. Franchisor reserves the right to reject any proposed sale based on Franchisor's determination, in Franchisor's sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting Franchisor's assistance Franchisee waives any liability claims it may have against Franchisor for such rejection.

XXIII. **TERMINATION OF FRANCHISE**

A. Impact of Statutes On Franchise Agreement

The California Franchise Relations Act (Business and Professions Code, Section 20000 through 20043), became effective October 1, 1982. This Act provides certain rights to Franchisees located in California, including: (1) limitations on Franchisor's ability to terminate a franchise except for good cause; (2) restrictions on Franchisor's ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of Franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of the Act, the terms of the Act may control in California.

Termination or modification of a lease or contract on the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, on any material default by Franchisee under this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and promptly providing proof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately on the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisor may terminate this Agreement by written notice to Franchisee for Franchisee's material breach of this Agreement or of any other agreement between Franchisee and Franchisor or its affiliates, if Franchisee fails to cure the breach within thirty (30) days after written notice is delivered to Franchisee, provided that this Agreement does not prescribe a different cure period for such breach. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days.

Franchisor may invoke its rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and Franchisor (and/or their respective affiliates).

C. Termination of Franchise without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately on Franchisor notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Fails to agree on a Territory (if a Territory was not agreed on before signing this Agreement), fails to open the TechKnowHow® Franchise Business within the specified time limits and/or fails to obtain all necessary certifications required to operate the Business as provided in Section IX.A above;

2. Fails to attend and satisfactorily complete the initial training program within thirty (30) days of the date Franchisee anticipates opening the Business;

3. If Franchisor determines, in its sole discretion, that Franchisee, its managing partners, members, shareholders or Supervisor has failed the initial training program and is deemed not qualified to manage a TechKnowHow® business;

4. Abandons, surrenders, or transfers control of the operation of the TechKnowHow® business or fails to continuously and actively operate the Business for four (4) consecutive weeks, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;

5. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due for a reasonable time thereafter any financial statement, tax return or schedule or other report, or to pay when due Royalty Fees, or any other payments due Franchisor or its affiliate;

6. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance (which includes failure to properly screen and hire Instructors as described in Section XII.F and per our guidelines and standards as specified in the Operations Manual);

7. Fails to renew or if any business or other license required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;

8. Fails to offer or is unable to provide Franchisor's approved Services, programs or products (if Franchisor requires Franchisee to offer products in the future); fails to teach the Curriculum, in the manner and style Franchisor specifies; and/or implements any services, programs or curriculum without Franchisor's written approval as defined in Section XII.H of this Agreement;

9. Fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of a TechKnowHow® business;

10. Violates any health, safety or sanitation law, ordinance or regulation, or operates the Business (including operating any vehicles) in an unsafe manner; and does not begin to

cure the violation immediately and to correct the violation within seventy-two (72) hours or as required by applicable law once Franchisee receives notice from us or another party unless shorter period for cure provided pursuant to Section XXII.B;

11. Has made a material misrepresentation or omission on the application for the Franchise;

12. Transfers, assigns or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;

13. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by Franchisor;

14. Fails to reasonably maintain the vehicle as specified by Franchisor and Section XII.U of this Agreement;

15. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by Franchisor;

16. Engages in any other activity, which has a material adverse effect on Franchisor or the Names and Marks;

17. Makes or allows any unauthorized use or copy of Confidential Information, Proprietary Products and/or Software (if developed) or seek to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or Software;

18. Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, Proprietary Products and/or Software;

19. Manufactures or produces any product that is similar to, or competes with any of our products, Proprietary Products, third party products or any product offered or sold in the Business without the advanced written consent of Franchisor;

20. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any computers, products, Proprietary Products, supplies or third party product offered or sold in the Business without our written consent;

21. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software (if developed) or any portion thereof, or any rights therein, to any person or entity;

22. Exhibits a reckless disregard for the physical or mental well-being of employees, customers, Franchisor or its representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;

23. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;

24. Fails or refuses to remove any computers, products, supplies or other items from the Business deemed to constitute a violation of this Agreement by Franchisor;

25. Fails or refuses to comply with Franchisor's inventory requirements or minimum representation requirements (if applicable) as set forth in the Operations Manual;

26. Fails to comply with the terms of any auto-ship programs (if applicable) as set forth in the Operations Manual;

27. Engages in Target Marketing to solicit customers outside the assigned Territory or Franchisee refuses to refer customers to another franchisee or company-owned business if (i) such customer lives outside the assigned Territory and within the area of another franchisee or company-owned business; or (ii) Franchisee is unable to provide prompt service to customers due to excessive work or any other cause;

28. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, Websites (including addresses, domain names, URLs, links, metatags, locators, etc.), search techniques and co-branding arrangements without Franchisor's prior written consent;

29. Is convicted of a felony or has pleaded nolo contendere to a felony, or is convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged or convicted of a crime of moral turpitude;

30. Engages in unfair business practices or unethical conduct;

31. Fails to discharge within a reasonable time any valid lien placed against the property of the business, if applicable;

32. Makes an assignment for the benefit of creditors or an admission of Franchisee's inability to pay its obligations as they become due;

33. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;

34. Becomes insolvent or makes a general assignment for the benefit of creditors;

35. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;

36. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

37. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.

38. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or is wound up;

39. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;

40. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;

41. If, in material violation of the terms of Sections XII, XVI, XX and/or XX.II;

42. If Franchisee maintains false books or records, or submits any false reports to Franchisor;

43. If any inspection of Franchisee's records discloses an under-statement of payments due to Franchisor of two percent (2%) or more, two or more times in any two (2) year period; or

44. If Franchisee's business has six (6) or more material customer complaints reported to a government entity or other public forum (material complaints are determined in Franchisor's sole and absolute discretion) with respect to the Business in any twelve (12) month period.

D. Termination by Franchisee

If Franchisor violates a material and substantial provision of the Agreement and fails to remedy or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing Franchisor's alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision of this Agreement by Franchisor and Franchisor's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause. On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect. If Franchisee continues in a similar or competitive business, or assigns or sells ownership or assets other than in compliance with this Agreement (including Section XXIII), Franchisor will be entitled to its royalties and other fees for either the remaining of the term of this Agreement or three (3) years (whichever comes first) and to all other applicable remedies.

XXIV. **FRANCHISEE'S OBLIGATIONS ON TERMINATION OR EXPIRATION**

A. Franchisee Shall Cease Using Names and Marks

Franchisee agrees that, on termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services and products associated with

Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, tag lines, symbols, signs, logos or devices associated with the System. Franchisee shall cease to use, without limitation, all signs, vehicles with graphics, advertising materials, stationery, forms, and any other articles, which display the Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, vehicles and Premises so as to effectively distinguish the surviving business entity, if any, from its former appearance as a TechKnowHow® business, and from other existing TechKnowHow businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to Franchisor.

B. Franchisee Shall Cease Operating Business

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

Franchisee must immediately tender all new or used inventory of Franchisor's Proprietary Products, promotional, advertising and marketing materials in addition to all Confidential Information to Franchisor and/or Franchisor's designated affiliates or destroy, if notified by Franchisor in writing to do so, all inventory of such items in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Names and Marks, and agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that on termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, email, listings and location contacts for the Business to Franchisor or its designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Websites

On termination or expiration of this Agreement, Franchisee agrees that, Franchisor will have the absolute right to notify InterNIC, ICANN and all other Internet, social network, and like authorities of the termination or expiration of your right to use all domain names, Websites and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, Websites and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, Websites and search engines

related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, website and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that you may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manuals and Other Materials

Franchisee agrees that on termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Operation Manual, training materials, Curriculum and any other materials, which have been loaned to Franchisee by Franchisor. Franchisee agrees to turn over to Franchisor all items containing any of the Marks, and all customer lists and contracts for the franchised business.

G. Franchisor May Purchase Assets

Franchisor shall have the first right of refusal to purchase or assume Franchisee's interest in the franchised business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means all computers, products, Proprietary Products, furnishings, fixtures, décor items, vehicles (if applicable), signage, inventory (non-perishable products, supplies in addition to advertising and marketing materials), leasehold improvements and the lease or sublease for the Business (if applicable). This right is governed by time limits and procedures described in this Agreement with respect to Franchisor's right of refusal in the event of an assignment. If Franchisor exercises its right of first refusal, Franchisee must transfer Franchisee's interest in the franchised business and in the Assets.

If Franchisee is selling its Assets, Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing Franchisor's Names and Marks, at the lesser of Franchisee's cost or fair market value. The cost shall be determined based on a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost; and for any items that display the Marks, the fair market value is agreed to be zero. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, System Advertising Fund contributions, other advertising fees, payments or any other sums owed to Franchisor by Franchisee, which are then unpaid. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorney's fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that it would be impossible to determine the amount of Franchisor's damages precisely, and Franchisee accordingly agrees that in such event it shall be obligated to pay to Franchisor, as liquidated damages, and not as a penalty, all Royalty and System Adverting Fee payments that Franchisor would have received, if this Agreement remained in effect until its scheduled expiration date. This payment shall be based on the average Royalty payment and average System Advertising Fund

contribution paid to Franchisor during the previous twelve (12) months for either the remaining term of this Agreement or a period of three (3) years (whichever comes first). Such payments shall be due to Franchisor within thirty (30) days after the effect Date of Termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the franchised business.

XXV. **ENFORCEMENT**

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee shall not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to arbitration as provided in this Agreement. Franchisee has no right of offset, or set off to any amounts due and owing to Franchisor.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

C. Mediation

The parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.E. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the parties will agree to a date and/or certain event which will constitute a completion of the mediation process. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then the other party ("Mediating Party") shall be entitled to recover attorney's fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and cost in any arbitration or legal action between the parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. It shall be held at the same venue as for arbitration as described in Section XXV.E.

D. Exceptions to Mediation.

The mediation provision in Section XXV.C. shall not apply to any action for injunctive or other provisional relief, including, without limitation, enforcement of liens, security agreements, or attachment, as Franchisor deeds to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Marks. Any claim or dispute involving or contesting the validity of any of the Marks shall not be subject to mediation.

E. Arbitration

Except as Franchisor elects to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in San Mateo County, California. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association ("AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of Franchisor or Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The parties agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, to settle the claim or commence arbitration on it. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the California Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statue, no punitive or exemplary damages shall be awarded against either Franchisor or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are waived. Judgment on the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally and the prevailing party shall be entitled to recover reasonable attorney fees from the other party, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by Franchisor to Franchisee under this Agreement.

F. Rights of Parties Are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Operations Manual.

G. Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to Franchisor for any unpaid Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

H. California Law Applies

This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the TechKnowHow® business is located outside of California and such provision would be enforceable under the laws of the state in which the TechKnowHow® business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section XXV.H. is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

I. Attorney Fees

If a party incurs any expenses (including but not limited to reasonable attorneys fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other.

J. Binding Effect

This Agreement is binding on the parties and their permitted assigns and successors in interest.

K. Entire Agreement/Integration

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for those acts permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. The Operation Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

L. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive government laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

XXVI. **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

XXVII. **COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective on the execution of a counterpart hereof by each of the parties hereto.

XXVIII. **TIME IS OF THE ESSENCE**

Time is of the essence. The parties to this Agreement agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

XXIX. **APPROVALS AND WAIVERS**

Whenever this Agreement requires prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

Franchisor makes no warranties or guarantees on which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefore.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist on strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same,

nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXX. **AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to Franchisor, both individually and in their capacities as owners or officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places on their right to transfer their respective interests in such entity as set forth in Section XXII.

XXXI. **REPRESENTATIONS AND WARRANTIES BY FRANCHISEE**

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, Franchisor's Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

FRANCHISEE ACKNOWLDEGES THAT FRANCHISEE, ALL MANAGING PARTNERS MEMBERS OR SHAREHOLDERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED TECHKNOWHOW® FRANCHISES.

IN WITNESS WHEREOF, the parties have executed and delivered this Franchise Agreement in duplicate on this date_____/_____201____.

FRANCHISOR:

Address for Notices:
TKH Franchising, Inc.
553 Pilgrim Drive Suite D
Foster City, CA 94404
Telephone: 650-638-0500
Fax: 650-292-2256
Attn: Bob Mancini

FRANCHISEE:

Address for Notices:

_____
_____
Telephone:_____
Fax:_____
Attn:_____

TKH Franchising, Inc.

Signed: _____

Name: _____

Title: _____

Dated: _____

Signed: _____

Name: _____

Date: _____

Signed: _____
Name: _____

Date: _____

Signed: _____

Name: _____

Dated: _____

SCHEDULE 1
TKH FRANCHISING, INC.
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEPOSIT)

BY AND BETWEEN TKH Franchising, Inc. AND
_____("FRANCHISEE") DATED _____20___.

The undersigned depositor ("DEPOSITOR") authorizes TKH Franchising, Inc. ("COMPANY") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("DEPOSITORY") to debit such account pursuant to COMPANY's instructions.

_____	_____
DEPOSITORY	Branch
_____	_____
Address	City, State and Zip Code
_____	_____
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect unti1 DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR's termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR's account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

_____	_____
DEPOSITOR	DEPOSITORY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

SCHEDULE 2
TKH FRANCHISING, INC.
PRE EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement. Franchisee represents and warrants to Franchisor as follows:

1. Entities owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as_____ , ("Pre - Existing Business").

2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third party rights relating to the Pre – Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of Franchisee in the Franchised Business; and

3. Other than the consents of Franchisee and Franchisor there is no other third party consent required for the acquisition of the franchise to be legally binding and effective; and

4. There are no existing restrictive covenants, other than those which the Pre - Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to Franchisor, and

5. The Pre- Existing Business provides the following goods and services to its customers at the following locations:

5.1 Goods and services of Pre-Existing Business (es)

_____
_____
_____

5.2 Location(s) of Pre-Existing Goods Business(es)

_____

_____

_____

and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business to Franchised Business and shall hence forth operate that business as Franchised Business under the trade name "TechKnowHow® ", and

7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business, and

8. Franchisee shall indemnify, defend and hold harmless Franchisor and its affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed:_____

Printed Name :_____

Title:_____

Date:_____

SCHEDULE 3
TKH FRANCHISING, INC.
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If Franchisee is an individual or individuals, Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If Franchisee is a company, the person(s) signing on behalf of Franchisee certify(ies) that, to Franchisee's and such person's best knowledge, neither Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or *affiliated* in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S.Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover Franchisee's obligations hereunder.

FRANCHISEE

Signed:_____

Printed Name :_____

Title:_____

Date:_____

SCHEDULE 4
TKH FRANCHISING, INC.
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty is to the Franchise Agreement between TKH Franchising, Inc. ("Franchisor") and _____ ("Franchisee") dated the _____ day of _____, 20____.

1. The undersigned agree, individually and on behalf his or her martial community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.

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

3. Guarantors agree that:

   (a) Liability under this Guaranty is joint and several;

   (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;

   (c) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;

   (d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons; and

(e) Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant.

(f) Each waives acceptance by Franchisor; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

Dated on the _____date of _____20_____.

(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):

NAME	**ADDRESS**	**PERCENTAGE**
_____	_____	_____
Signed	_____	
_____	_____	
Printed		
_____	_____	_____
Signed	_____	
_____	_____	
Printed		
_____	_____	_____
Signed	_____	
_____	_____	
Printed		
_____	_____	_____
Signed	_____	
_____	_____	
Printed		

SCHEDULE 5
TKH FRANCHISING, INC.
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPLES

A. The following is a list of all managing partners, shareholders, partners or other investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

Name	**Percentage of Ownership/Nature of Interest**

B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 7.

SCHEDULE 6
TKH FRANCHISING, INC.
RELEASE

Franchisee, and all other guarantors, if any, jointly and severally, release and forever discharge TKH Franchising, Inc. (“TKH”, “our”, “we” or “us”) and all of our affiliates (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, arising, KNOWN OR UNKNOWN, fixed or contingent, past or present, that Franchisee now has or may hereafter have against us or any of our affiliates by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof ("Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against us or any of our affiliates are forever canceled and forgiven. All references to “Franchisee” includes all guarantors.

FRANCHISEE ACKNOWLEDGES THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES THE FOLLOWING:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

FRANCHISEE, BEING AWARE OF THIS EXPRESSLY WAIVES ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND YOUR PLACE OF RESIDENCE, IF DIFFERENT.

Franchisee assumes the risk of any fact or mistake of fact of which Franchisee may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee, and it is Franchisee’s intention to forever settle, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in

their understanding of the facts, law or otherwise. Franchisee represents and warrants that Franchisee has made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as Franchisee, in Franchisee's independent judgment, believes necessary or appropriate. Franchisee has not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by us or any of our affiliates or anyone else, not expressly set forth herein, in executing this document and any related releases.

NO ASSIGNMENT OR TRANSFER OF INTEREST: Franchisee represents and warrants that there has been, and there will be, no assignment or other transfer of any interest in any Claims that Franchisee may have against us or any or our affiliates, all Claims having been fully and finally extinguished, and Franchisee agrees to forever indemnify and hold us and any of our affiliates harmless from any Claims incurred by us or any of our affiliates as a result of any person asserting any voluntary, involuntary or other assignment or transfer, of any rights or claims under such assignment or transfer. It is the intention of the parties that this indemnity does not require payment by us or any of our affiliates as a condition precedent to recovery against Franchisee under this indemnity.

ATTORNEYS' FEES: If Franchisee or anyone acting for or on behalf of Franchisee or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based on or relating to any of the Claims released hereunder or in any manner asserts against us or any of our affiliates, any of the Claims released hereunder, Franchisee agrees to pay all attorneys' fees and other costs incurred by us or any of our affiliates in defending or otherwise responding to such suit or assertion, directly to us or any of our affiliates incurring such costs.

AFFILIATES: Each and all of the following, whether past, present or future are our affiliates: each and every company and person acting by, through, under, in concert, affiliated or associated in any material way with us; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and employees of us, and; each and all of the successors and assigns of us and any of the foregoing.

DATE OF RELEASES, JOINT AND SEVERAL LIABILITY: The releases granted hereunder shall be deemed effective on the earlier of the date hereof and the date of any transaction in which they are to be issued. The liabilities and obligations of each of Franchisee, and any other person/entity providing releases to us or any of our affiliates, shall be joint and several.

_____
FRANCHISEE

_____
OTHERS OWNERS, IF ANY

_____
GUARANTOR(S)

SCHEDULE 7
TKH FRANCHISING, INC.
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into _____20_____, between TKH Franchising, Inc., a California corporation (hereinafter referred to as "Franchisor"), _____ (hereinafter referred to as "You")

RECITALS:

WHEREAS, Franchisor has acquired the right to develop a unique system (the "System") for the development and operation of businesses under the name and mark "TechKnowHow®" ("Business"); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark TechKnowHow® and such other trade names, service marks, and trademarks 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 standards; after school, summer camp and special event programs; Curriculum, teaching techniques, methods and formats; all workbooks and learning materials; selecting locations, cost and pricing strategies; computer, software and product specifications; software functionality, products and product knowledge, customer service standards, employee hiring and retention techniques, vehicle graphic specifications, website, operational procedures, quality and uniformity of Services offered; sales methods, pricing and cost information; management control, contracts, forms and waivers; bookkeeping and accounting methods, sales methods, marketing, advertising 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 the operation of the System ("Trade Secrets"); and

WHEREAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by Franchisor 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 has granted you a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the franchise agreement made and entered into _____, 20_____ ("Franchise Agreement") between you and Franchisor ; and

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

WHEREAS, it will be necessary for You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, you have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become your employee; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating the Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. You and/or Franchisor shall disclose to You some or all of the Trade Secrets relating to the System.

2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation by you of Business using the System for so long as you are licensed by Franchisor to use the System.

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

4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff then only to the limited extent necessary to train or assist your staff in the management or operation of a Business using the System.

5. That all information and materials, including without limitation, drawings, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.

6. You shall surrender the Confidential Franchise Operations and Procedures Manual and such other manuals and written materials as Franchisor shall have developed ("Manuals") described

in the Franchise Agreement and any other material containing some or all of the Trade Secrets to you or Franchisor, on request, or on conclusion of the use for which the Manuals or other information or material may have been furnished to the You.

7. You shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System or the Names and Marks.

8. The Manuals are loaned by Franchisor to you for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor written consent.

9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that for three (3) years following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement with you, You will not, without the prior written consent of Franchisor:

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

b. Employ or seek to employ any person who is at the time employed by FTF or any franchisee or developer of Franchisor's , or otherwise directly or indirectly induce such persons to leave that person's employment.

c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same or is similar to the Franchise including, but not limited to, any after school, summer camp, special event or extracurricular-related business which is the same as or similar to the Business including, but not limited to, any which offers similar services and products to a TechKnowHow® which business is, or is intended to be, located within a 25-mile radius of the location approved in the Franchise Agreement or of any Business (which includes Franchisor owned businesses and Franchisee businesses) in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by you, as applicable.

10. You undertake to use your best efforts to ensure that Employee acts as required by this Agreement.

11. You 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 this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, including the right to terminate the Franchise Agreement, to a

temporary and/or permanent injunction and 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.

12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by Franchisor and you in enforcing this Agreement.

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

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF CALIFORNIA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN CALIFORNIA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN STATE WHICH HAS JURISDICTION. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

15. The parties agree that each of the above 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 a valid jurisdiction in an unappealed final decision to which Franchisor is a party, You agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made herein. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. 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 or 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 (3) business days after transmission), to the respective parties.

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

TKH Franchising, Inc.
553 Pilgrim Drive Suite D
Foster City, CA 94404
Attention: Bob Mancini, President
Facsimile: 1-650-292-2256
Telephone: 1-650-638-0505

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

_____

_____

_____

Attention:

Facsimile:

Telephone:

Any notices sent by personal delivery shall be deemed given on receipt. Any notices given by facsimile, telegram or telex shall be deemed given on transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given 3 business days after the time of mailing. Any change in the above addresses shall effected by giving 15 days written notice of such change to the other party.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable by Franchisor and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of you and your staff hereunder are personal in nature and may not be transferred or assigned by you or your staff, as applicable.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below:

TKH Franchising, Inc.
a California corporation

Signature:_____

Printed Name:_____

Title:_____

YOU:

Signature:_____

Printed Name:_____

Title:_____

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B
LIST OF STATE ADMINISTRATORS, STATE AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS, STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight: 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Consumer Protection Division, Michigan Department of Attorney General G. Mennen Williams Building, 1st Floor 525 West Ottawa Lansing, Michigan 48933 (517) 373-7177	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8000 (212) 416-6042 (Fax)	Attn: UCC New York Department of State 99 Washington Avenue, 6th Floor Albany, New York 12231 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Director, Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462 9582	Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462 9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Director, Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W., 3rd Floor Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-2139	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-2139

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C
FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, TKH Franchising, Inc. ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a TechKnowHow® Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

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

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes ____ No____ Your Initials _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes ____ No____ Your Initials _____

   If "No," what parts of the Franchise Agreement do you not understand?
   (Attach additional pages, if necessary)

   _____

   _____

   _____

   _____

3. Have you received and personally reviewed the Disclosure Document we provided to you?

   Yes ____ No____ Your Initials _____

4. Do you understand all of the information contained in the Disclosure Document?

   Yes ____ No____ Your Initials _____

If "No," what parts of the Disclosure Document do you not understand?
(Attach additional pages, if necessary)

_____

_____

_____

_____

5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

   Yes ____ No____ Your Initials _____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes ____ No____ Your Initials _____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

   Yes ____ No____ Your Initials _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

   Yes ____ No____ Your Initials _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

   Yes ____ No____ Your Initials _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

    Yes ____ No____ Your Initials _____

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ____ No____ Your Initials _____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes ____ No____ Your Initials _____

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ____ No____ Your Initials _____

14. If you have answered "Yes" to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

If you have answered "No" to any of questions 7 through 13, please leave the following lines blank.

_____

_____

_____

15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes ____ No____ Your Initials _____

You understand that your answers are important to us and we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

_____
Franchise Applicant - Signature

_____
Print Name

_____
Date

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D
STATE ADDENDA

STATE ADDENDA

Each provision of this Addendum shall be effective only if, with respect to each provision, the jurisdictional requirements of a state are met independently, without reference to this Addendum.

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

1. The following language is added to the end of Item 3 of the disclosure document:

   Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

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

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

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The Franchise Agreement and Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides that the parties must first attempt to resolve all disputes by mediation in Los Angeles County, California. The fees and expenses of the mediator will be shared equally by Franchisor and Franchisee.

3. Item 5 of the Disclosure Document is amended as follows:

"Despite the payment provisions in this Item 5, the initial franchise fee due to us will be deferred until we have completed all of our material initial obligations to you under the Franchise Agreement, at which time the initial franchise fee will be immediately due and payable to us."

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between TKH FRANCHISING, INC., a California corporation, as Franchisor and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

Notwithstanding Section IX of the Franchise Agreement, the initial franchise fee due to Franchisor will be deferred until Franchisor has completed all of Franchisor's material initial obligations to Franchisee under the Franchise Agreement, at which time the initial franchise fee will be immediately due and payable to Franchisor.

FRANCHISOR:	**FRANCHISEE**
TKH FRANCHISING, INC.	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

WASHINGTON
ADDENDUM TO DISCLOSURE DOCUMENT

The following paragraph is added at the end of Item 17:

> If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.

WASHINGTON
ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement agree as follows:

The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (the "Act"), which might supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede the Agreement in Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise.

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

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

To the extent required by the Act, a release or waiver of rights executed by Franchisee shall not include rights under the Act, 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, might not be enforceable.

To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 19.100.050 and WAC 460-80-400 through 450 the Franchisor agrees that: (1) One hundred percent (100%) of franchise fees will be deferred until the Franchisor has fulfilled its initial pre-opening obligations and the Franchisee is open for business; and (2) upon completion of the initial pre-opening obligations and once the Franchisee is open for business, the Franchisor will invoice the Franchisee for payment of the franchise fees, and, the Franchisee will provide 100% of the franchise fees to the Franchisor no later than seven (7) days after receipt of the invoice.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

TKH FRANCHISING, INC.,
A California corporation

By:_____ _____, 20____
Name: _____
Its: _____

FRANCHISEE:

By:_____ _____, 20_____
Name: _____
Its: _____

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

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TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
OPTION AGREEMENT

FRANCHISE OPTION AGREEMENT

This Option Agreement is entered into as of _____, 20___ between TKH Franchising, Inc. ("Franchisor") and_____ ("Optionee").

1. Grant of Option. Optionee is hereby granted an option to be awarded a TechKnowHow® Franchise.

2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a TechKnowHow® franchise to be opened within a 5-mile radius of the "selected address" listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor's approval, which will not be unreasonably withheld.

3. Option Fee. A non-refundable option payment of $5,000 is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee of $20,000 or $10,000 for additional Franchises if the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of TechKnowHow® franchisees and maintain those requirements at the time you exercise this option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.

4. Term. This Option will have a term of six (6) months and begin on the date of this Agreement listed below.

5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile, or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.

6. Governing Law. This Agreement is valid when executed and accepted by Franchisor, and is governed by the laws of the State of California. Foster City, California will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the California franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address _____
_____
_____

Dated_____, 20_____ Expiration Date_____

FRANCHISOR:
TKH Franchising, Inc.

Signed _____

Name _____

Title _____

OPTIONEE:

Signed _____

Name _____

Title _____

Signed _____

Name _____

Title _____

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
LIST OF FRANCHISEES

FRANCHISEE LIST AS OF DECEMBER 31, 2016

State	Franchisee Name	Address	Phone
WA	**TechKnowHow Seattle**	**3611 45th Avenue S.W., Seattle, WA 98116**	**206-466-6882**

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H
FRANCHISEES WHO HAVE LEFT THE SYSTEM

NONE.

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
FINANCIAL STATEMENTS

TKH FRANCHISING, INC.

Financial Statements

For The Year Ended December 31, 2016

with

Independent Auditors' Report Thereon

Hanna
Certified Public Accountant

13089 Peyton Drive, Suite C-315 Chino Hills, CA 91709
Tel: (909) 222-1947 Fax: (404) 601-9231
www.hanna-cpa.com

TKH FRANCHISING, INC.

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Hanna
Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
of TKH Franchising, Inc.

We have audited the accompanying financial statements of TKH Franchising, Inc. (a California corporation), which comprise the balance sheet as of December 31, 2016, and the related statements of operations, stockholdersô equity, 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.

Auditor's 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 auditorôs 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 entityôs 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 entityôs 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 TKH Franchising, Inc. as of December 31, 2016, 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.

MAGDY HANNA
Hanna, CPA
Chino Hills, California
February 8, 2017

13089 Peyton Drive, Suite C-315 Chino Hills, CA 91709
Tel: (909) 222-1947 Fax: (404) 601-9231
www.hanna-cpa.com Email: info@hanna-cpa.com

TKH FRANCHISING, INC.

BALANCE SHEET

ASSETS	December 31, 2016
Current assets:	
Cash and cash equivalents	$ 60,798
Royalty receivable	1,860
Supplies inventory	14,321
Total assets	$ 76,979
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Credit card payable	$ 550
Total current liabilities	550
Commitments and contingencies	
Stockholdersô equity:	
Common stock, $.001 par value; 1,000,000 shares authorized, 15,000 shares issued and outstanding	15
Additional paid-in-capital	175,485
Accumulated deficit	(99,071)
Total stockholdersô equity	76,429
Total liabilities and stockholdersô equity	$ 76,979

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF OPERATIONS

	For The Year Ended December 31, 2016
Revenues:	
Franchise fees	$ -
Royalties	3,535
Other revenue	-
Total revenues	3,535
Operating expenses:	
Accounting fees	2,850
Business license	25
Legal fees	2,135
Payroll processing	1,106
Postage	90
Registration	550
Payroll tax	393
State franchise tax	800
Telephone	181
Wages and salaries	3,000
Web services	194
Total operating expenses	11,324
Net income (loss)	$ (7,789)

TKH FRANCHISING, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

For The Year Ended December 31, 2016

	Common Stock		Additional Paid-in	Retained	Total Stockholder's
	Shares	Amount	Capital	Earnings	Equity
Balances, January 1, 2016	15,000	$ 15	$ 175,485	$ (91,282)	$ 84,218
Net loss	-	-	-	(7,789)	(7,789)
Balances, December 31, 2016	15,000	$ 15	$ 175,485	$ (99,071)	$ 76,429

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF CASH FLOWS

	For The Year Ended December 31, 2016
Cash flows from operating activities:	
Net income (loss)	$ (7,789)
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Royalty receivable	(1,230)
Accrued liabilities	490
Net cash used in operating activities	(8,529)
Cash flows used in investing activities:	
Purchase of equipment	-
Cash flows from financing activities:	
Repayment of loan to shareholder	(15,000)
Net cash used in financing activities	(15,000)
Net decrease in cash and cash equivalents	(23,529)
Cash and cash equivalents at beginning of year	84,327
Cash and cash equivalents at end of year	$ 60,798

NOTE 1 – BUSINESS ACTIVITY

TKH Franchising, Inc. was incorporated in the state of California on February 29, 2012; the Company is in the business of offering franchises to operate a mobile business offering engineering and technology project-based programs onsite. Unless otherwise indicated, the terms ñwe,ò ñus,ò ñour,ò and ñCompanyò refer to TKH Franchising, Inc.

The Companyôs activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Companyôs current concepts including the risk that the entity may be affected by rapidly changing and intensely competitive market.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The company will receive an initial franchise fee from each franchise sale and continuing royalty fees from operating franchises over the life of the franchise. Initial franchise fees are recognized as revenue when all material services or conditions relating to the sale has been substantially performed or satisfied. Continuing royalty fees are considered earned when they become due from the franchisee.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2016, no impairment of the carrying values of its long-lived assets existed at December 31, 2016. There can be no assurance, however, that demands for the Companyôs products or market conditions will not change which could result in impairment losses in the future.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2016, the Company did not own any fixed assets.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAPò). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Companyôs management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recent Accounting Pronouncements

The Companyôs management has evaluated recently issued accounting pronouncements through December 31, 2016 and concluded that they will not have a material effect on the financial statements as of December 31, 2016. However, for purpose of financial reporting the Company has elected early adoption of Accounting Standards Update No. 2014-10, issued June 10, 2014, which removes the definition of a development stage entity from ASC Topic 915 and all distinction between development stage entities and other reporting entities under GAAP. As a result we no longer report financial results showing inception to date.

NOTE 3 – INVENTORY

Inventory consists of LEGO supplies with the amount of $14,321. Inventory is valued using lower of cost or market on specifically identified items.

NOTE 4 – DUE TO/FROM SHAREHOLDER

Miscellaneous business expenses incurred by the Company and is initially paid for by the Shareholder of the Company during the day to day operations. The balance is reimbursed to the Shareholder in less than one year. As of December 31, 2016, there were no balance due to the Shareholder.

NOTE 5 – 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 related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expense that would result from applying federal statutory rates to income before income taxes primarily due to state income taxes and certain non-deductible expenses.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has an affiliate, TechKnowHow, offering summer technology programs and operating in the same location. There is one common and 100% shareholder for both the Company and its affiliate. From time to time there will be a limited number of transactions between the Company and TechKnowHow such as short-term loans, with no interest and is paid in less than twelve months.

NOTE 7 – GOING CONCERN

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Companyôs ability to continue as a going concern is contingent upon raising additional capital and starting the operations. Amounts raised will be used for further development of the Company's concept, to provide financing for marketing and promotion and for other working capital purposes. While the Company is putting forth its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds that will be available for operations.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 8, 2017, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

TKH FRANCHISING, INC.

Financial Statements

For The Year Ended December 31, 2015

with

Independent Auditors' Report Thereon

Hanna
Certified Public Accountant

13089 Peyton Drive, Suite C-315 Chino Hills, CA 91709
Tel: (909) 222-1947 Fax: (404) 601-9231
www.hanna-cpa.com

TKH FRANCHISING, INC.

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Hanna
Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
of TKH Franchising, Inc.

We have audited the accompanying financial statements of TKH Franchising, Inc. (a California corporation), which comprise the balance sheet as of December 31, 2015, and the related statements of operations, stockholdersô equity, 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.

Auditor's 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 auditorôs 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 entityôs 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 entityôs 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 TKH Franchising, Inc. as of December 31, 2015, 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.

MAGDY HANNA
Hanna, CPA
Chino Hills, California
February 3, 2016

13089 Peyton Drive, Suite C-315 Chino Hills, CA 91709
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www.hanna-cpa.com Email: info@hanna-cpa.com

TKH FRANCHISING, INC.

BALANCE SHEET

ASSETS	December 31, 2015
Current assets:	
Cash and cash equivalents	$ 84,327
Royalty receivable	630
Supplies inventory	14,321
Total assets	$ 99,278
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Loan from shareholder	$ 15,000
Other liabilities	60
Total current liabilities	15,060
Commitments and contingencies	
Stockholdersô equity:	
Common stock, $.001 par value; 1,000,000 shares authorized, 15,000 shares issued and outstanding	15
Additional paid-in-capital	175,485
Accumulated deficit	(91,282)
Total stockholdersô equity	84,218
Total liabilities and stockholdersô equity	$ 99,278

TKH FRANCHISING, INC.

STATEMENT OF OPERATIONS

	For The Year Ended December 31, 2015
Revenues:	
Franchise fees	$ -
Royalties	3,428
Other revenue	-
Total revenues	3,428
Operating expenses:	
Advertising	210
Accounting fees	2,810
Business license	202
Legal fees	4,762
Payroll processing	1,067
Postage	130
Registration	550
Payroll tax	411
State franchise tax	800
Telephone	181
Wages and salaries	3,000
Web services	193
Total operating expenses	14,316
Net income (loss)	$ (10,888)

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

For The Year Ended December 31, 2015

	Common Stock		Additional Paid-in	Retained	Total Stockholder's
	Shares	Amount	Capital	Earnings	Equity
Balances, January 1, 2015	15,000	$ 15	$ 175,485	$ (80,394)	$ 95,106
Net loss	-	-	-	(10,888)	(10,888)
Balances, December 31, 2015	15,000	$ 15	$ 175,485	$ (91,282)	$ 84,218

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF CASH FLOWS

	For The Year Ended December 31, 2015
Cash flows from operating activities:	
Net income (loss)	$ (10,888)
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Due to shareholders	200
Royalty receivable	(630)
Accrued liabilities	(405)
Net cash used in operating activities	(11,723)
Cash flows used in investing activities:	
Purchase of equipment	-
Cash flows from financing activities:	
Loan to affiliate	2,149
Net cash provided by financing activities	2,149
Net decrease in cash and cash equivalents	(9,574)
Cash and cash equivalents at beginning of year	93,901
Cash and cash equivalents at end of year	$ 84,327

NOTE 1 – BUSINESS ACTIVITY

TKH Franchising, Inc. was incorporated in the state of California on February 29, 2012; the Company is in the business of offering franchises to operate a mobile business offering engineering and technology project-based programs onsite. Unless otherwise indicated, the terms ñwe,ò ñus,ò ñour,ò and ñCompanyò refer to TKH Franchising, Inc.

The Companyôs activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Companyôs current concepts including the risk that the entity may be affected by rapidly changing and intensely competitive market.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The company will receive an initial franchise fee from each franchise sale and continuing royalty fees from operating franchises over the life of the franchise. Initial franchise fees are recognized as revenue when all material services or conditions relating to the sale has been substantially performed or satisfied. Continuing royalty fees are considered earned when they become due from the franchisee.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2015, no impairment of the carrying values of its long-lived assets existed at December 31, 2015. There can be no assurance, however, that demands for the Companyôs products or market conditions will not change which could result in impairment losses in the future.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2015, the Company did not own any fixed assets.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAPò). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Companyôs management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recent Accounting Pronouncements

The Companyôs management has evaluated recently issued accounting pronouncements through December 31, 2015 and concluded that they will not have a material effect on the financial statements as of December 31, 2015. However, for purpose of financial reporting the Company has elected early adoption of Accounting Standards Update No. 2014-10, issued June 10, 2014, which removes the definition of a development stage entity from ASC Topic 915 and all distinction between development stage entities and other reporting entities under GAAP. As a result we no longer report financial results showing inception to date.

NOTE 3 – INVENTORY

Inventory consists of LEGO supplies with the amount of $14,321. Inventory is valued using lower of cost or market on specifically identified items.

NOTE 4 – DUE TO/FROM SHAREHOLDER

Miscellaneous business expenses incurred by the Company and is initially paid for by the Shareholder of the Company during the day to day operations. The balance is reimbursed to the Shareholder in less than one year. As of December 31, 2015, the balance due to the Shareholder was $15,000.

NOTE 5 – 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 related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expense that would result from applying federal statutory rates to income before income taxes primarily due to state income taxes and certain non-deductible expenses.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has an affiliate, TechKnowHow, offering summer technology programs and operating in the same location. There is one common and 100% shareholder for both the Company and its affiliate. During the year, there were a limited number of transactions between the Company and TechKnowHow such as short-term loans, with no interest and paid in less than twelve months.

NOTE 7 – GOING CONCERN

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Companyôs ability to continue as a going concern is contingent upon raising additional capital and starting the operations. Amounts raised will be used for further development of the Company's concept, to provide financing for marketing and promotion and for other working capital purposes. While the Company is putting forth its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds that will be available for operations.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 3, 2016, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

TKH FRANCHISING, INC.

Financial Statements

For The Year Ended December 31, 2014

with

Independent Auditors' Report Thereon

Hanna
Certified Public Accountant

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TKH FRANCHISING, INC.

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Hanna
Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
of TKH Franchising, Inc.

We have audited the accompanying financial statements of TKH Franchising, Inc. (a California corporation), which comprise the balance sheet as of December 31, 2014, and the related statements of operations, stockholdersô equity, 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.

Auditor's 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 auditorôs 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 entityôs 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 entityôs 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 TKH Franchising, Inc. as of December 31, 2014, 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.

MAGDY HANNA
Hanna, CPA
Chino Hills, California
February 12, 2015

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TKH FRANCHISING, INC.

BALANCE SHEET

ASSETS	December 31, 2014
Current assets:	
Cash and cash equivalents	$ 93,901
Loan receivable from affiliate	2,149
Supplies inventory	14,321
Total assets	$ 110,371
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Loan from shareholder	$ 14,800
Other liabilities	465
Total current liabilities	15,265
Commitments and contingencies	
Stockholdersô equity:	
Common stock, $.001 par value; 1,000,000 shares authorized, 15,000 shares issued and outstanding	15
Additional paid-in-capital	175,485
Accumulated deficit	(80,394)
Total stockholdersô equity	95,106
Total liabilities and stockholdersô equity	$ 110,371

TKH FRANCHISING, INC.

STATEMENT OF OPERATIONS

	For The Year Ended December 31, 2014
Revenues:	
Franchise fees	$ 20,000
Royalties	600
Other revenue	2,658
Total revenues	23,258
Operating expenses:	
Salaries and wages	21,000
Legal fees	3,448
Registration and license	818
Accounting	2,495
Payroll tax	2,257
Payroll processing	1,059
Supplies	720
Postage	392
Sales and Use tax	973
Telephone	194
Miscellaneous	368
Total operating expenses	33,724
Income (loss) from operations	(10,466)
Interest income	2
Provision for income taxes	800
Net income (loss)	$ (11,264)

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

For The Year Ended December 31, 2014

	Common Stock		Additional Paid-in	Retained	Total Stockholder's
	Shares	Amount	Capital	Earnings	Equity
Balances, January 1, 2014	15,000	$ 15	$ 175,485	$ (69,130)	$ 106,370
Net loss	-	-	-	(11,264)	(11,264)
Balances, December 31, 2014	15,000	$ 15	$ 175,485	$ (80,394)	$ 95,106

See independent auditors' report and accompanying notes to financial statements

TKH FRANCHISING, INC.

STATEMENT OF CASH FLOWS

	For The Year Ended December 31, 2014
Cash flows from operating activities:	
Net income (loss)	$ (11,264)
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Due to shareholders	14,800
Other liabilities	322
Net cash used in operating activities	3,858
Cash flows used in investing activities:	
Purchase of equipment	-
Cash flows from financing activities:	
Loan to affiliate	(2,149)
Net cash used in financing activities	(2,149)
Net decrease in cash and cash equivalents	1,709
Cash and cash equivalents at beginning of year	92,192
Cash and cash equivalents at end of year	$ 93,901

See independent auditors' report and accompanying notes to financial statements

NOTE 1 – BUSINESS ACTIVITY

TKH Franchising, Inc. was incorporated in the state of California on February 29, 2012; the Company is in the business of offering franchises to operate a mobile business offering engineering and technology project-based programs onsite. Unless otherwise indicated, the terms ñwe,ò ñus,ò ñour,ò and ñCompanyò refer to TKH Franchising, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The company receives an initial franchise fee from each franchise sale and continuing royalty fees from operating franchises over the life of the franchise. Initial franchise fees are recognized as revenue upon acceptance of the contract by the Company. Continuing royalty fees are considered earned when they become due from the franchisee.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2014, the Company did not own any fixed assets.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2014, no impairment of the carrying values of its long-lived assets existed at December 31, 2014. There can be no assurance, however, that demands for the Companyôs products or market conditions will not change which could result in impairment losses in the future.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAPò). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Companyôs management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, *Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. This ASU gives companies the option to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If it is determined that it is more likely than not the indefinite-lived intangible asset is impaired, a quantitative impairment test is required. However, if it is concluded otherwise, the quantitative test is not necessary. This ASU was effective for the year ended December 31, 2013 and did not impact our financial statements.

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income in certain circumstances. This ASU was effective for the year ended December 31, 2013. For all periods presented other comprehensive income (loss) was not significant; therefore, the adoption of this ASU did not have an impact on our financial statements.

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This ASU requires companies with unrecognized tax benefits, or a portion of unrecognized tax benefits, to present these benefits in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward or a tax credit carryforward. This ASU will be effective commencing with the year ending December 31, 2015. We do not expect the adoption of this ASU to have a material impact on our financial statements.

NOTE 3 – INVENTORY

Inventory consists of LEGO supplies with the amount of $14,321. Inventory is valued using lower of cost or market on specifically identified items.

NOTE 4 – DUE TO/FROM SHAREHOLDER

Miscellaneous business expenses incurred by the Company and is initially paid for by the Shareholder of the Company during the day to day operations. The balance is reimbursed to the Shareholder in less than one year. As of December 31, 2014, the balance due to the Shareholder was $14,800 and was paid in full in January 2015.

NOTE 5 – 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 related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expense that would result from applying federal statutory rates to income before income taxes primarily due to state income taxes and certain non-deductible expenses.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has an affiliate, TechKnowHow, offering summer technology programs and operating in the same location. There is one common and 100% shareholder for both the Company and its affiliate. During the year, there were a limited number of transactions between the Company and TechKnowHow such as short-term loans, with no interest and paid in less than twelve months. The outstanding receivable amount from TechKnowHow at December 31, 2014 was $2,149.

TKH FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
RECEIPTS

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF TKH FRANCHISING, INC. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

MICHIGAN AND RHODE ISLAND REQUIRE THAT WE GIVE YOU THIS DISCLOSURE DOCUMENT AT THE EARLIER OF 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

NEW YORK REQUIRES YOU TO RECEIVE THIS FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

IF TKH FRANCHISING, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY AS IDENTIFIED ON EXHIBIT B.

The Franchisor is TKH Franchising, Inc. located at 553 Pilgrim Drive, #D, Foster City, California 94404, Telephone (650) 638-0505.

The Franchise Seller is Bob Mancini and/or _____, TKH Franchising, Inc., 553 Pilgrim Drive, #D, Foster City, California 94404, Telephone (650) 638-0505.

Issuance Date: March 10, 2017

We authorize the respective state agencies identified on Exhibit B to receive service of process for TKH Franchising, Inc., in those particular states.

I have received a TechKnowHow® disclosure document dated March 10, 2017 that included the following Exhibits:

A	Franchise Agreement with attached Schedules
B	List of State Agencies and Regulators
C	Franchise Disclosure Questionnaire
D	State Addenda
E	Operations Manual Table of Contents
F	Option Agreement
G	List of Franchisees
H	Franchisees Who Have Left the System

I Financial Statements
J Receipts

_____ _____

Date Recipient/Franchise Applicant

RETURN THIS SIGNED FORM TO THE FRANCHISOR. Mail to: TKH Franchising, Inc., 553 Pilgrim Drive Suite D, Foster City, CA 94404. **Fax to: (650) 292-2256**

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF TKH FRANCHISING, INC. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

MICHIGAN AND RHODE ISLAND REQUIRE THAT WE GIVE YOU THIS DISCLOSURE DOCUMENT AT THE EARLIER OF 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

NEW YORK REQUIRES YOU TO RECEIVE THIS FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

IF TKH FRANCHISING, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT B.

The Franchisor is TKH Franchising, Inc. located at 553 Pilgrim Drive, #D, Foster City, California 94404, Telephone (650) 638-0505.

The Franchise Seller is Bob Mancini and/or _____, TKH Franchising, Inc., 553 Pilgrim Drive, #D, Foster City, California 94404, Telephone (650) 638-0505.

Issuance Date: March 10, 2017

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F	Option Agreement
G	List of Franchisees
H	Franchisees Who Have Left the System

I Financial Statements
J Receipts

_____ _____

Date Recipient/Franchise Applicant

THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT.