~~2017~~

LEARNINGRX FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

LEARNINGRX FRANCHISE CORPORATION
a Colorado Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
719-264-8808
sales@learningrx.com
www.learningrx-franchise.com

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

The total investment necessary to begin operation of a LearningRx Franchise ranges from $83,000 to $198,000 including between $40,000 to $83,000 that must be paid to the franchisor or its affiliate.

If you sign an Area Development Agreement, you will pay us an area development fee ("**Area Development Fee**") equal to 50% of the Development Franchisee Fee multiplied by the number of Centers you are authorized to open under your Development Schedule. The Development Franchise Fee is equal to 80% of the then-current Initial Franchise Fee and Initial Training and Material Fee... The total investment necessary for any subsequent LearningRx franchises varies based on the total number of LearningRx locations you commit to develop.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact LearningRx Franchise Corporation at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 and 719-264-8808.

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

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

Date of Issuance: ~~-~~December ~~27, 2016~~21, 2017.

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 D for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN COLORADO. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN COLORADO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. TO MAINTAIN YOUR TERRITORY AND LICENSE, STARTING SIX MONTHS AFTER OPENING, YOU MUST ACHIEVE AND MAINTAIN ANNUAL MINIMUM GROSS REVENUES OF $50,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR THE FIRST 12 MONTHS, $75,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR THE SECOND 12 MONTHS AND $100,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR ANY 12 MONTH PERIOD.

4. THE FRANCHISOR REQUIRES THAT SPOUSES OF THE FRANCHISEE, WHO MAY NOT BE INVOLVED IN THE FRANCHISE BUSINESS, MUST BE BOUND TO THE FRANCHISE AGREEMENT, AREA DEVELOPER AGREEMENT AND PERSONAL GUARANTEE, PLACING THE SPOUSES MARITAL AND PERSONAL ASSETS AT RISK.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES

The following states require that the 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, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

STATE	EFFECTIVE DATE
California	Pending~~January 3, 2017~~
Florida	~~July 16, 2016~~January 7, 2017
Hawaii	~~January 6, 2017~~
Illinois	~~January 3, 2017~~Pending
Indiana	Pending
Kentucky*	May 20, 2004
Maryland	~~Pending~~
Michigan	~~June 25, 2014~~Pending
Minnesota	Pending
Nebraska*	March 31, 2009
New York	Pending
North Dakota	Pending
Rhode Island	~~January 3, 2017~~Pending
South Dakota	~~January 3, 2017~~Pending
Texas*	Exempt
Utah	~~January 4, 2017~~Pending
Virginia	~~January 18, 2017~~Pending
Washington	Pending
Wisconsin	~~December 30, 2016~~Pending

In all other states, the effective date of this FDD is December ~~27, 2016~~21, 2017. (*Denotes one-time filing).

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

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

The Franchisor, Our Parents, Predecessors and Affiliates

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

LearningRx Franchise Corporation has one (1) parent company. We are a wholly owned subsidiary of LearningRx, Inc., a Colorado corporation ("**Parent**"). Our Parent's address is 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Our Parent is wholly owned by the Ken Gibson Family Limited Partnership, a Colorado limited partnership. The address of the Ken Gibson Family Limited Partnership is 5085 List Drive, Suite 200, Colorado Springs, CO 80919.

We do not have any predecessors; however we do have three (3) affiliates.

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

2) The Ken Gibson Family Limited Partnership, a Colorado limited partnership. The address of the Ken Gibson Family Limited Partnership is 5085 List Drive, Suite 200, Colorado Springs, CO 80919. This affiliate has not and does not sell franchises in this or any other line of business.

3) Ken Gibson Consulting, LLC is a Colorado Company located at 5085 List Drive, Suite 200, Colorado Springs, CO 80919. This affiliate has not and does sell franchises in this or any other line of business.

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

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

Description of the Franchise

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

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

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

After you have opened your first Center, or if you possess the necessary business operational skills and financial resources, you may request one or more additional territories ("**Development Territory**") in which to have the rights to develop additional Centers ("**Area Development Rights**") within a prescribed schedule ("**Development Schedule**"). If you sign an area development agreement ("**Area Development Agreement**"), the then-current Initial Franchise Fee and Initial Training and Material Fee you will pay for each Center you commit to open will be reduced ("**Development Franchise Fee**") by twenty percent. At the time you sign the Area Development Agreement, you will pay us an area development fee ("**Area Development Fee**") equal to 50% of the Development Franchisee Fee multiplied by the number Centers you are authorized to open under your Development Schedule. You will pay the balance of the Development Franchise Fee at the time you sign the Franchise Agreement for each additional Center.

The Market and Competition

The Center targets its services to the general public. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to customers. The market for reading and learning services is developed and highly competitive. You will also face other normal business risks that could have an adverse effect on your Center. These include industry developments, such as pricing policies of competitors, and supply and demand. Another risk factor is our dependence on key personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, including future litigation that may not be foreseeable.

Regulations

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

In certain states, you must have a licensed medical professional, psychologist, neuropsychologist, or other licensed psychological examiner to administer or interpret certain tests used in the LearningRx program, including the Woodcock Johnson test. It is your responsibility to ensure that only properly credentialed and licensed professionals are administering such tests in compliance with state law. These laws and requirements change periodically and it is your job to remain in compliance with these changes. The business of operating a LearningRx Training Center franchise is subject to all of the laws, codes and regulations (referred to below generally as "laws") normally applicable to educational businesses. These include: (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws.

General Laws Regulating the Education Industry.

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

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

Federal. Examples of other federal laws affecting many small businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

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

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

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

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board: Dr. Ken Gibson

From January 2003 to December 31, 2016, Dr. Ken Gibson served as our CEO. In addition, since January 2002 to the present, he also serves as the President and Chief Executive Officer of LearningRx, Inc., our Parent company. Both companies are based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Dr. Gibson became our Chairman of the Board in January 2017.

CEO: Kim Hanson

Ms. Hanson has served as Vice President of Franchisee Support from October 2004 and Director of Product Development since our formation in January 2003. She is based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Ms. Hanson has also served as the Director of Product Development for LearningRx, Inc. since May 2002. She became CEO in January 2017.

COO: Dean Tenpas

From October 2004 to the present Mr. Tenpas has served as our President and COO based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Before that he served as our Executive Vice President since our founding in January 2003.

Chief Recruitment Officer: Tanya Mitchell

Ms. Mitchell has served as our Vice President of Franchise Development from October 2004 until December 1, 2016 and as our head trainer and consultant since January 2003 based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Her title changed to Chief Recruitment Officer effective January 2017.

~~**Franchise Development Consultant: Katie Kemp**~~

~~Ms. Kemp served as the Director of First Impressions for LearningRx, Inc. in Colorado Springs, Colorado from April 2011 to July 2011. She serves as our Franchise Development Consultant since July 2011 based at our primary business headquarters, at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919.~~

Vice President of Marketing: Lisa Juhl

Ms. Juhl became Vice President of Marketing in March 2015. She is based at our primary business headquarters at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919. Ms. Juhl served as director of marketing for the Mercedes-Benz Club of America from 2009-2014 in Colorado Springs, CO and then as Senior Marketing Strategist for the Neurosciences department at UC Health of Colorado from 2014 until February of 2015 in Colorado Springs, CO.

Vice President of Support: Karen Anderson

Ms. Anderson became the Vice President of Support in June 2016. She is based at our primary business headquarters 5085 List Drive, Suite 200 Colorado Springs, Colorado 80919. Prior to joining us, Ms. Anderson owned and operated two LearningRx franchises from December 2009 until 2016 in Frisco, Texas and McKinney, Texas.

Colorado Springs Center Director and Support Team Member: Amanda Duplantis

Ms. Duplantis became the Colorado Springs Center Director and Support Team Member in March 2016. She is based out of our training center in Colorado Springs, Colorado. Ms. Duplantis started with LearningRx in 2006 as a Certified Brain Trainer, and since then, has held roles as Director of Training and Center Director at several LearningRx centers in the Denver, Colorado area.

ITEM 3
LITIGATION

Prior Actions:

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

Governmental Actions:

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

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

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

ITEM 4
BANKRUPTCY

No Bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee ("**Initial Franchise Fee**") varies depending upon the size of the Territory. You pay an Initial Franchise Fee based on the number of people residing in Franchisee's Territory. Franchisee must pay an Initial Franchise Fee of $~~15~~20,000 for a micro franchise ("**Micro Franchise**") (~~up to 50,000 people), $25,000 for a rural franchise ("**Rural Franchise**") (50,000 to~~less than 100,000 people~~)~~), and $35,000 for a standard franchise ("**Standard Franchise**") (~~over~~ 100,000 or more people). The Initial Franchise Fee is due when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon signing of the Franchise Agreement, and there are no refunds under any circumstances.

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

Depending upon the territory size of your LearningRx Center, you must pay us between $3,000 and $5,000 for opening inventory of the student kits and/or workbooks ("**Products**"). Each student will need one or more kits and/or workbooks depending on the program. You must also purchase a trainer kit for each trainer in your Center.

After you have opened your first Center, or if you possess the necessary business operational skills and financial resources, you may request one or more additional territories ("**Development Territory**") in which to have the rights to develop additional Centers ("**Area Development Rights**") within a prescribed schedule ("**Development Schedule**"). If you sign an area development agreement ("**Area Development Agreement**"), the then-current Initial Franchise Fee and Initial Training and Material Fee you will pay for each Center you commit to open will be reduced ("**Development Franchise Fee**") by twenty percent. At the time you sign the Area Development Agreement, you will pay us an area development fee ("**Area Development Fee**") equal to 50% of the Development Franchisee Fee multiplied by the number Centers you are authorized to open under your Development Schedule. Below is an example, please note the amount of the franchise fee reduced is for illustration purposes only.

<u>Example for One Additional Standard Franchise:</u>

<u>Initial Franchise Fee:</u> $35,000 × .20 = $7,000
$35,000 - $7,000=<u>$28,000</u>
<u>Initial Training and Material Fee:</u> <u>$10,000</u> x .20 = $2,000
$10,000 - $2,000=<u>$8,000</u>
Development Franchise Fee = $28,000 + $8,000 = <u>$36,000</u>
<u>Area Development Fee =</u> 50% of Development Franchise Fee
.50 × $36,000= <u>$18,000</u>

The Area Development Fee is not refundable to you under any circumstances once paid. You will pay the balance of each Development Franchise Fee at the time you sign each Franchise Agreement for each Center you actually open in your Development Territory. If you enter into an

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

You must also pay us, at the same time and in the same manner as you pay your Initial Franchise Fee, depending upon the territory size of your LearningRx Center, a fee of between $~~12~~20,000 and $33,000 for an initial sales and marketing campaign ("**Initial Marketing Fee**"). The Initial Marketing Fee is fully earned by us at the time you sign the Franchise Agreement and is non-refundable for any reason.

During our fiscal year ended September 30, ~~2016, the range of actual~~2017, we sold one franchise and collected an Initial Franchise ~~Fees paid was $15,000 to $35~~Fee of $17,000. The factors that influenced our decision to adjust the Initial Franchise Fee included the number of locations to be opened by the franchisee, if it's an additional location for a franchisee, the length of time the franchisee had been associated with any affiliate of ours, and the size of the Territory. We reserve the right to take these and other factors into consideration when offering adjustments to the Initial Franchise Fee in the future. During our fiscal year ended September 30, ~~2016~~2017, we ~~did not sell any~~sold one additional Development Territory and ~~did not collect any~~collected an Area Development ~~Fees~~Fee of $17,000.

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	10% of Gross Revenues ~~(Note~~or the Minimum Monthly Royalty (Notes 2 and 3)	Due on the 10th day of each month for the prior month's Gross Revenues	Required of all Franchisees.
Marketing Development Fund	2.5% of Gross Revenues per month, or the Minimum MDF Royalty, up to a maximum of $15,000 per calendar year per Center (Notes 2 & ~~4~~5)	Due on the 10th day of each month for the prior month's Gross Revenues	Required of all Franchisees.
Local Internet Marketing	Up to $2,000 per year (Note ~~3~~4)	As incurred	Required of all Franchisees after the first year of operation. The first year of this expense is included in your Initial Marketing Fee.
Cooperative Advertising Requirement	For the first six months of operations, the greater of 3% of Gross Revenue per month or 2/3 of the lowest amount paid by another center up to the	As determined by the cooperative	Advertising contributions made to the advertising cooperatives are determined by majority vote of members of the cooperative. The funds are used to develop and implement special advertising and promotions for the region. These advertising contributions made to the advertising cooperatives count toward local advertising minimums.

Name of Fee	Amount	Due Date	Remarks
	Maximum Cooperative Advertising Requirement. Beginning the seventh month of operations, the Cooperative Advertising Requirement is 3% of Gross Revenues each month up to the Maximum Cooperative Advertising Requirement. The Maximum Cooperative Advertising Requirement is $~~1,000 for Micro Franchise, $2,000 for Rural Franchise and $~~4,000 ~~for Standard Franchise~~ per month. (Note ~~5~~6)		
Ongoing Purchase of Student/Trainer kits	Our then current fee. We estimate you will spend $3,000 – $5,000 per year	As incurred	You must purchase an initial inventory of the student kits and/or workbooks ("**Products**" currently offered). Each student will need one or more kits and/or workbooks depending on the program. You must also purchase a trainer kit for each trainer in your Center. You will be required to purchase these from us on an ongoing basis. The cost of these kits/workbooks will vary based on number of students, number of trainers, our cost to produce and Territory size.
Initial Training for Additional Persons	$100 per person per day (Note ~~6~~7)	As incurred	Training for up to four persons is included in the Initial Training Fee.
Sales Training	$75 per 90-minute session	As incurred	A minimum of four sessions of Sales Training is required if a Center is below 40% on the assessment to student rates. During the first six months after execution of the franchise agreement, Sales Training is provided to Directors at no cost.

Name of Fee	Amount	Due Date	Remarks
Marketing Coach Fee	$75 per 90-minute session	As incurred	A minimum of four session of Marketing Coaching is required if: (i) a center has a Gross Revenue of less than $360,000 for a Standard Franchise or $180,000 for a Micro Franchise for the previous 12-month period, and (ii) the franchisee fails to meet its minimum marketing requirements for each of the past 12 months.
Additional Assistance at Your Location	$500 per day (two day minimum) plus the cost of our travel and living expenses (Note ~~7~~8)	As incurred	Additional charges only incurred for at-location assistance beyond the initial training.
Transfer Fee	$7,000 to 9,000. (Note ~~8~~9)	Prior to acceptance of transfer	Payable by transferee before you sell your franchise. Additional on-site training may be required.
Satellite Location	$5,000 per year	As incurred	Payable only if you request and we grant you the right to operate a Satellite Location.
Audit	Cost of audit plus 1% interest per any reported time period on understatement	Immediately	We pay all audit costs unless the audit shows an understatement of at least 2% of Gross Revenue for any reported time period
Interest	1% per month, or the maximum interest rate allowed by applicable law, whichever is less	30 days after due date	Franchisees must pay interest on late payments and payments returned to us due to insufficient funds.
Renewal Franchise Fee	~~$5,000~~$5,000; unless you are in the top 30% of franchisees in Gross Revenue for the prior calendar year of operations, then $2,500	30 days prior to renewal	Initial franchise term is ~~10~~five years. The Renewal Term is ~~10~~five years.
Computer and Communications Equipment Upgrades and Maintenance	Estimated at $3,400 to a maximum of $5,000	As incurred or as agreed	You must purchase upgrades and pay for maintenance for your computer and communications equipment, including upgrades for any software, or system upgrades when we require you to do so.
Technology Fee	$1,800 - $2,400 per year (Note ~~9~~10)	Four payments due on the 1st day of each quarter for the prior quarter	You must use our proprietary financial, accounting and contact management software as specified by us, as well as other technology systems that may change over time. We reserve the right to change the amount of the Technology Fee upon prior notice to you.

Name of Fee	Amount	Due Date	Remarks
Fines	$100-$3,000	As incurred	We may determine the exact amount of the fine at our sole discretion. Fines may be assessed for your violations of your obligations under the franchise agreement, including but not limited to, for late payments, failure to submit reports, failure to attend training, failure to attend a required conference and use of unauthorized marketing materials.
Seminars, Conventions, Conference Fees	Our then current fee to attend seminars, conventions and conferences we may hold from time to time.	As incurred	The fee will depend on our costs to conduct such seminars, conventions and conferences, including speaker fees and other direct expenses.
Shipping Costs for Return of Materials	The shipping costs incurred to return any of our materials required to be returned at the expiration (unless renewed) or termination of your franchise agreement.	As incurred	Required at the time you return materials to us upon expiration (unless renewed) or termination of your franchise agreement.
Indemnification and Costs and Attorney's Fees	Variable	As incurred	You must reimburse us if we are held liable for claims resulting from your Center operations. You must also pay our attorneys' fees if we take legal action to enforce the franchise agreement due to your breach.
Reimburse us for Certain Taxes	The amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon required to be collected by, or paid by us or our affiliates on account of services or goods furnished to you.	As incurred	

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

2. "Gross Revenues" means the total of all receipts derived from services or Products sold by you, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, bartering, or other means of exchange. Gross Revenue excludes only sales tax receipts

that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services or Products, if free, or any portion not paid for by an employee. Cash income reports from the accounting software, without any deductions for any fees due to collection method, are used to calculate the royalty amounts due each month.

3. Minimum Monthly Royalty: You are required to pay a "Minimum Monthly Royalty" of $500 for Micro Franchises and $1,000 for Standard Franchises rather than 10% of your Gross Revenues if 10% of your Gross Revenues does not exceed the Minimum Monthly Royalty applicable to your franchise.

~~3.~~4. After the first full year of operation, you may be required to spend $2,000 per year for local internet marketing activities such as web directories, reputation management and other local Internet marketing activities initiated by and paid to us. This amount is in addition to any other advertising requirement, and is included in the Initial Marketing Fee for your first year of operation.

~~4.~~5. Marketing Development Fund: You are required to pay the greater of either (i) 2.5% of Gross Revenues per month, or (ii) the or the "Minimum MDF Royalty" of $125 for Micro Franchises and $250 for Standard Franchises, up to a maximum of $15,000 per calendar year per Center into the Marketing Development Fund. Payment into the Fund is due in the same time and manner as the Royalty Fee.

~~5.~~6. Regional Advertising Cooperative: In your first six months of operation you may be required to spend the greater of 3% of Gross Revenues or two-thirds (2/3) of the lowest amount paid by another center in the cooperative, but not more than the Maximum Cooperative Advertising Requirement. The Maximum Cooperative Advertising Requirement is $~~1,000 for Micro Franchise, $2,000 for Rural Franchise and $~~4,000 ~~for Standard Franchise~~ per month. Beginning the seventh month of your operations, you may be required to spend up to 3% of your Gross Revenues toward the cooperative advertising each month, but not more than the Maximum Cooperative Advertising Requirement each month. These fees count toward local advertising minimums. Your local advertising minimums are $~~1,000 for Micro Franchise, $~~2,000 for ~~Rural~~Micro Franchise and $4,000 for Standard Franchise or 5% of your Gross Revenues on a monthly basis averaged over three-month period for local advertising in your Territory), whichever is greater, and do not represent a separate, additional requirement. Your entire local advertising minimums must be paid to independent third parties. As of the date of this Franchise Disclosure Document, no advertising cooperatives have been formed.

~~6.~~7. Training for you, your Manager and up to two additional employees is included in the Initial Training and Material Fee. Additional charges of $100 per person, per day are only applied if you choose to train more than four people. Training fees can be increased or decreased by us at any time at our discretion. You must pay all travel expenses for any additional people, which is estimated to be between $1,500 and $3,000.

~~7.~~8. The Initial Training and Material Fee includes two to four days of on-site assistance about general operational issues~~,~~ (varies based on whether it is a Micro or Standard Franchise), a job shadowing visit to a current center, and an advanced consultation training onsite visit. Ongoing assistance by telephone is also included. We will charge you the Additional Assistance fee only if you require additional assistance at your location. Fees for additional assistance can be increased or decreased by us at any time at our discretion.

~~8.~~9. No Transfer Fee is required if you transfer your Center to a corporation in which you are the majority stockholder, or if you transfer the Center to your child, parent, sibling, or spouse with our approval. The transferee must pay a Transfer Fee of $7,000 if your Center is transferred to another franchisee of ours. In all other cases, the transferee must pay a Transfer Fee of $9,000 which includes the initial training at the franchisor's office, the Local Internet Marketing for the first year of the transferee's operation of the Center, onsite training, advanced consultation training, and legal fees.

~~9.~~10. You must pay us a Technology Fee, for each Center, of $1,800 for a Micro~~ Franchise, $2,100 for a Rural~~ Franchise and $2,400 for a Standard Franchise per year for the use of our proprietary Accounting, Financial and Customer Management Software. Payment of this fee is split into four equal payments due on the 1st day of each quarter of this agreement for the prior quarter, once you are open for business. We reserve the right to adjust this fee in our discretion upon reasonable notice to you. If a Center opens in the middle of a quarter, the Technology Fee is then calculated based on a pro-rated portion of the quarter the Center is open. For example, if a Standard Franchise opens May 1, the fee would be $400 (for 2/3 of the quarter). If the Center opens May 15, the fee will be $300 (for ½ of the quarter) when debited in July for the second quarter fees).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Micro Franchise "under" to below ~~50k~~100k in ~~5~~10 mile radius	~~Rural Franchise 50-100k in 10 mile radius~~	Standard Franchise 100k plus in 10 mile radius	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	$~~15~~20,000	~~$25,000~~	$35,000	Us
Initial Training and Material Fee (Note 3)	$10,000		$10,000 ~~$10,000~~	Us
Initial Marketing Fee (Note 4) ~~$12,000~~	$20,000		$33,000	Us
Travel and Living Expenses While Training	$1,500 - $5,000		$1,500 - $5,000 ~~$1,500 - $5,000~~	Airlines, hotels, car rental agency and restaurants
Security Deposit, First and Last Month Rent or Real Estate & Improvements (Note 5)	$5,000	~~$9,000~~	$20,000	Landlord and third party vendors
Furniture & Fixtures	$8,000	~~$10,000~~	$15,000	Third party vendors

Type of Expenditure	Micro Franchise “under” to below ~~50k~~100k in ~~5~~10 mile radius	~~Rural Franchise 50-100k in 10 mile radius~~	Standard Franchise 100k plus in 10 mile radius	To Whom Payment is to be Made
Signage	$2,000	~~$2,000~~	$6,000	Third party vendors
Miscellaneous Opening Costs (Note 6)	$2,000	~~$3,000~~	$5,000	Suppliers, utilities, third party vendors
Opening Inventory (Note 7)	$3,000~~–~~ ~~$5,000~~	~~$3,000 -$5,000~~	~~$3,000 –~~$5,000	Us
Insurance Policies* (Note 8)	$2,000	~~$2,000~~	$3,000	Insurance carrier
Computer Equipment & Proprietary Software (Note 9)	$3,000	~~$3,000~~	$6,000	Third party vendors
Additional Funds (initial 3 months) (Note 10)	$20,000	~~$20,000~~	$55,000	Suppliers, third party vendors, etc.
TOTALS (Note 11) ~~$83,500- $89,000~~	**$~~108~~91,500 - $~~112~~95,000**		**$~~192~~194,500 - $198,000**	

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

2. LearningRx will approve or decline your application within 45 days of our receipt of your completed application and your attendance at Discovery Day. Your Initial Franchise Fee will be due upon signing the Franchise Agreement and is fully earned upon payment. We will not refund the Initial Franchise Fee under any circumstances. LearningRx does not finance any fee. If you sign an Area Development Agreement, you must pay an Area Development Fee, which is based on the number of Centers you are authorized to develop. You will pay the Area Development Fee at the time you sign the Area Development Agreement. You will pay the Development Franchise Fee at the time you sign each additional franchise agreement for the additional Centers you open per the Area Development Agreement (See ITEM 5).

3. The Initial Training and Material Fee covers approximately 10 days of initial training for up to four people and about two to four days of onsite training~~.~~ (varies based on whether it is a Micro or Standard Franchise).

4. Initial Marketing Fee: At the same time, and in the same manner you pay your Initial Franchise Fee, you must pay us an Initial Marketing Fee of between $~~12~~20,000 and $33,000 (depending on the size of the Territory) for an initial sales and marketing opening campaign with our approved marketing consultant for media, print, and marketing materials and products. We reserve the right to transfer up to $3,000 of these funds into a specific brand management fund, which we may use

in any way to maintain or enhance the brand, including resolving any outstanding customer or training issues when a Center is closed. You will have approval of the placement of advertising with the spending of the funds (except for the amounts transferred to the specific brand management fund). We may apply the Initial Marketing Fee to your minimum Local Advertising Requirement of 5% of Gross Revenues or $~~1,000 for Micro Franchise, $~~2,000 for ~~Rural~~Micro Franchise and $4,000 for Standard Franchise per month, whichever is greater; the Local Internet Marketing requirement of $2,000 per year, and/or any Cooperative Advertising Requirement, for the first four months that your Center is open and operating. You are also required to contribute the greater of either (i) 2.5% of Gross Revenue per month, or the Minimum MDF Royalty, up to $15,000 per calendar year to the Marketing Development Fund. This contribution is paid in addition to the Initial Marketing Fee.

5. If you do not own adequate space, you must lease the space for your Center. Generally, this will include first and last months' rent, plus a security deposit. Typical locations for Centers are outdoor malls and office buildings. The typical size of a Center is 1,200 to 1,800 square feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you; however, we require you to include certain lease provisions. The costs will vary widely and may be significantly higher than projected in this table depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Center.

6. Includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees.

7. You must purchase an initial inventory of the student kits and/or workbooks ("**Products**" currently offered). Each student will need one or more kits and/or workbooks, depending on the program. You must also purchase a trainer kit for each trainer in your Center.

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

9. While we do not require any specific vendors for computer equipment or Internet Service Providers, we may require a phone vendor and equipment, as well as requiring that you meet certain minimum standards established periodically in the Operations Manual. We do require that you have or purchase at least one computer system (we recommend that you have or purchase two systems) for the operation of your Business. You will be required to use our proprietary software and pay to us a quarterly Technology Fee (ranging from $1,800 to $2,400 per year depending on the size of your Territory).

10. This estimates your initial startup expenses for an initial three-month period, and does not include any revenue generated by the operation of your Business. These estimates do not include any monthly Royalty Fees, Marketing Development Fund contributions or Cooperative Advertising Requirement contributions. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. Your expenses will depend on factors such as: how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for our Products), the prevailing wage rate, competition and the sales level reached during the initial period.

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

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

Currently, we are the only approved or designated supplier of student and trainer kits and workbooks ("**Products**"). Each student will need one or more kits and/or workbooks, depending on the program. You must purchase a trainer kit for each trainer in your Center. As of the date of this Disclosure Document, we price the student and trainer kits and workbooks at a cost that is less than the cost at which a franchisee could produce them, but we reserve the right to change our pricing at any time with advanced notice to you. You are not permitted to purchase these Products from any other supplier.

We estimate that the cost of purchases for these Products represents approximately 2% to 2.5% of your total purchases in connection with the establishment of your Business, and approximately 2% of your ongoing supplies and materials expenses. We will derive income or other material benefit from these purchases. In the Fiscal Year ended September 30, ~~2016, we~~2017, our affiliate LearningRx, Inc., received $~~78,667.78~~5,400.14 from these required purchases~~, which represents 3.4% of our total revenues of $2,307,569.96~~.

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

You must purchase certain marketing materials, equipment, services, supplies, and materials used to operate your franchise from our approved or designated suppliers as indicated in the Manual. If you would like to purchase items from another supplier, you may request our "**Supplier Approval Criteria and Request Form**." At no cost to you, upon receipt of the

Supplier Approval Criteria and Request Form, we will study the proposed product or service, and within 30 days approve or disapprove the proposed supplier. We base our approval on a number of factors including vendor reputation, quality of products, delivery performance, and credit rating. However, we reserve the right to determine, in our sole discretion, whether the materials meet our standards and specifications. If you do not receive an approval within 30 days, your request will be deemed disapproved. We expect to derive some income from Franchisees' required purchases from designated and approved suppliers in the next and following fiscal years through a program of rebates from some of our designated or approved suppliers. These rebates serve to partially reimburse us for our costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards by our suppliers but we may receive rebates in excess of our cost to source, approve and monitor suppliers. In the fiscal year ended September 30, ~~2016~~2017, neither we nor our affiliates derived revenue from purchases or leases made by our Franchisees.

We do not currently require you to purchase any particular computer equipment to establish or operate the Business, but we do specify the standards for computer and communication equipment and Internet access. You will be required to use our proprietary software to use in the operation of your Center. You will pay an annual Technology Fee between $1,800 and $2,400 depending on the size of your Territory. We reserve the right to require you to specify computer hardware or software, and other communications equipment, and to specify other computer-related and communications standards in the future.

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

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Franchise Agreement

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease if any	Sections 8.02 & 10.2	11
b. Pre-opening purchases/leases	Sections 10.02 & 12.6	11
c. Site development and other pre-opening requirements	Sections 10 & 12	11
d. Initial and ongoing training	Sections 8.04 & 8.05	11
e. Opening	Section 8.06	Not applicable.
f. Fees	Section 5	5, 6, 7
g. Compliance with standards and policies/Operations Manual	Section 7.04, 12.02, 1203	11

Obligation	Section in Franchise Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Section 6 & 7	13, 14
i. Restrictions on Products and services offered	Sections 8.03, 12.06	8, 16
j. Warranty and customer service requirements	None	Not applicable.
k. Territorial development and sales quotas	Section 4 and Attachment I	11, 12
l. Ongoing Product and service purchases	Section 12	8, 16
m. Maintenance, appearance and remodeling requirements	Sections 10.01, 10.04 12.02, 12.03	Not applicable.
n. Insurance	Section 12.08	8
o. Advertising	Section 9	11
p. Indemnification	Section 12.14	Not applicable.
q. Owner's participation/management staffing	Sections 12.04	15
r. Records/reports	Section 7	Not applicable
s. Inspection/audits	Section 11	Not applicable
t. Transfer	Section 14	17
u. Renewal	Section 3	17
v. Post-termination obligations	Sections 13.03, 13.04	17
w. Non-competition covenants	Sections 7.5, 15.01	17
x. Dispute resolution	Section 16	17
y. Other	Not applicable	Not applicable

AREA DEVELOPER'S OBLIGATIONS

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

Area Development Agreement

Obligation	Section in Area Developer Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease if any	Section 5	11
b. Pre-opening purchases/leases	Not applicable	Not applicable
c. Site development and other pre-opening requirements	Sections 4 & 5	11
d. Initial and ongoing training	Section 3.02	11
e. Opening	Section 4	Not applicable
f. Fees	Section 3	5, 6, 7
g. Compliance with standards and policies/Operations Manual	Sections 6 & 13	11

Obligation	Section in Area Developer Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Not applicable	Not applicable
i. Restrictions on Products and services offered	Not applicable	Not applicable
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Sections 1 & 4	11, 12
l. Ongoing Product and service purchases	Not applicable	Not applicable
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Not applicable	Not applicable
o. Advertising	Not applicable	Not applicable
p. Indemnification	7.04 & 12.02	Not applicable
q. Owner's participation/management staffing	Not applicable	Not applicable
r. Records/reports	Section 4.03	Not applicable
s. Inspection/audits	Not applicable	11
t. Transfer	Section 7	17
u. Renewal	Section 2	17
v. Post-termination obligations	Section 9.02	17
w. Non-competition covenants	Section 9	17
x. Dispute resolution	Section 10	17
y. Other	Not applicable	Not applicable

ITEM 10
FINANCING

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

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

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

Pre-Opening Obligations

Before you begin your Business, we will:

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

2. Loan you a copy of our confidential Operations Manual, which contains specifications, standards, operating procedures and rules that must be followed. The Operations Manual is confidential and remains our property. We may modify the Operations Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (See Section 7.04 of the Franchise Agreement). We have included a copy of the Table of Contents of our Operations Manual as Exhibit F to this Franchise Disclosure Document. The Operations Manual contains 698 pages.

3. Provide limited advice about selecting and analyzing a site for the Center. Your site must be at least 1,000 square feet and be near the center of your Territory. Site selection is your responsibility but we will assist you in the location selection process by considering population density, income levels, general location guidelines, and the proximity of the proposed site to other LearningRx Centers or any other reasonable criteria. If we cannot agree on the site selection, then you must select two alternate sites. We will give you an evaluation of each location. We must approve or disapprove your site within 30 days after we receive notice of the location from you. If we do not approve your site, we may terminate the ~~franchise agreement.~~Franchise Agreement. (See Section 8.02 of the Franchise Agreement).

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

5. Approve, if it meets our standards and specifications for approval, plans submitted by you for the design of your Center. Construction or remodeling, if needed, should begin as soon as possible after signing the Franchise Agreement, but, in any case, will not begin later than six months after signing the Franchise Agreement. Upon request, we will assist in the development and planning of any construction or remodeling with respect to sign specification and colors and

Center layout and design. You must pay for construction or remodeling and all other costs associated with compliance and permits. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. (See Section 10 of the Franchise Agreement).

6. Within 60 days of your signing the Franchise Agreement, or any other time as may be mutually agreed upon, train you, your designated Manager (as defined in Section 12 of the Franchise Agreement) and up to two additional employees as follows (See Section 8.04 of the Franchise Agreement). The instruction materials include the Operations Manual, Power Point presentations, handouts and trainer kits:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Job Shadowing	None	1.5 Days	At a LearningRx Training Center
Executive Planning	Minimum of 4 Hours	None	Colorado Springs, Colorado
Accounting	Minimum of 2 Hours	None	Colorado Springs, Colorado
Personnel	Minimum of 2 Hours	None	Colorado Springs, Colorado
Marketing	Minimum of 3 Hours	None	Colorado Springs, Colorado
Sales/Consultations	Minimum of 3 Hours	None	Colorado Springs, Colorado
Skills Testing	Minimum of 2 Hours	None	Colorado Springs, Colorado
ThinkRx Procedures	Minimum of 6 Hours	None	Colorado Springs, Colorado
ReadRx and ComprehendRx Procedures	Minimum of 4 Hours Total	None	Colorado Springs, Colorado
Quality Control	Minimum of 1 Hour	None	Colorado Springs, Colorado
Policies & Reporting	Minimum of 1 Hour	None	Colorado Springs, Colorado
Sales/Consultations	None	Minimum of 8 Hrs	onsite – your location
Operation/Procedures	None	Minimum of 24 Hrs	onsite – your location
TOTALS	**Minimum of 28 Hours**	**Minimum of 44 Hours (Includes Job Shadowing prior to Initial Training)**	

Training will be conducted by Amanda Duplantis, Karen Anderson, Ken Gibson, Kim Hanson, Tanya Mitchell, and Dean Tenpas, who have over 50 years combined experience in the operation of LearningRx Training Center and over 60 years combined experience in the learning enhancement and cognitive training business. Individually, our trainers have a minimum of

~~four~~five years experience in the operation of a LearningRx Training Center. The instructional materials for our training programs include live instructions, handouts and the Operations Manual.

You and your designated Manager must attend training and complete the training to our satisfaction within six months after signing the Franchise Agreement. If you do not successfully complete this training, you will be required to repeat the training under the same terms as initial training (no training fee but you must pay travel and living expenses). The cost of this training is covered by the Initial Training and Material Fee for up to four persons. You will, however, be required to pay the travel and living expenses for you, your designated Manager, and your employee(s). All training, except any onsite training, will be held at our corporate headquarters in Colorado Springs, Colorado, or at another designated location and are held monthly~~ on the first Monday of each month.~~. After satisfactorily completing this initial training, there is no mandatory training required, however, you will be required to have one person per Center attend periodic or national conferences and we have the right to charge you a fine for not attending (See ITEM 6).

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

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

During the operation of the Business, LearningRx will:

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

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

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

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

5. We may implement a centralized purchasing system for you and negotiate prices and terms with suppliers. We may receive rebates from the suppliers for these purchases. We

reserve the right to use these funds in our sole discretion. (See Section 8.10 of the Franchise Agreement).

6. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, Product and service developments, training, bookkeeping, accounting, student studies, performance standards, advertising programs and new service procedures. You are required to have at least one person per Center you operate attend the mandatory portion of any regional or national conferences (attendance at optional pre-training prior to any such conferences is not required). For example, if you operate two Centers, two people are required to attend. When we hold mandatory conferences, you will ~~not~~ be required to pay a conference fee~~, but~~ of $250 per person, and, in addition, you must pay all of the travel and living expenses for you and any other attendees who attend on your behalf. However, no conference fee will be assessed for a Center for its one required attendee if the franchisee is on the Franchisee Advisory Board or the franchisee or Center Director has been involved and attended 75% of performance group meetings pursuant to the Performance Group Membership Agreement. These conferences will be held at our corporate headquarters or at another location chosen by us. We may provide other conferences from time to time, and you may be required to pay a conference fee for these additional conferences based upon the direct costs to us of retaining speakers and other direct expenses associated with the conference. ~~We will not receive any net income from these conferences.~~ (See Section 8.05 of the Franchise Agreement). We may charge a fine if you do not attend a mandatory conference.

7. We will provide sales training which will be mandatory for Centers that are below 40% on the assessment to student rates. The assessment to student rate is determine based on what percentage of potential students assessed at the center actually become students of that Center. Centers that are required to participate in sales training must do so until their assessment to student rate is at least 40%, or for a minimum of three months, and participate in no less than four training sessions, and must pay us at a rate of $75 per 90-minute session. Sales training will also be provided to Directors operating within the first six months of the franchise agreement at no additional cost. Directors who are new due to the transfer of a center must participate in sales training for a minimum of four 90-minute sessions over a minimum of months, until that new director's assessment to student rate reaches at least 40%. (See Section 8.05 of the Franchise Agreement).

8. We will provide marketing coaching which will be mandatory for every Center that: (i) has a Gross Revenue of less than $360,000 for Standard Franchises or $180,000 for Micro Franchises for the previous 12-month period, and (ii) the franchisee fails to meet its minimum marketing requirements for each of the past 12 months. Centers that are required to participate in marketing coaching must take a minimum of 4 session at a rate of $75 per 90-minute session. (See Section 8.05 of the Franchise Agreement).

~~7.~~9. Provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies you must pay duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing within fifteen days from receipt. We reserve the right to utilize advertising developed by you for the use of all Franchisees without any payment or other compensation to you. (See Section 9.03 of the Franchise Agreement).

Advertising Programs

Local Advertising. You are required to promote the franchise and advertise on a local basis. You are required to spend the greater of $~~1,000 for Micro Franchise, $~~2,000 for ~~Rural~~Micro Franchise and $4,000 for Standard Franchise or 5% of Gross Revenues per month on local advertising and promotion in your Territory. Your entire Local Advertising minimum required amount must be paid to independent third parties. Your failure to spend the Local Advertising amount required may result in the reduction or elimination of your Territory or the termination of the Franchise Agreement, in our sole discretion.

Local Internet Marketing Program: After the first full year of operation, you may be required to spend up to $2000 per year for local Internet marketing activities such as web directories, reputation management and other local Internet marketing activities initiated by and paid to us. This amount is in addition to any other advertising requirement.

Initial Marketing Fee: You pay us an Initial Marketing Fee of between $~~12~~20,000 and $33,000 (depending on the size of the Territory) for an initial sales and marketing opening campaign for media, print, marketing materials and products, and brand management. We reserve the right to transfer up to $3,000 of these funds into a specific brand management fund, which we may use in any way to maintain or enhance the brand, including resolving any outstanding customer or training issues when a Center is closed. You will have approval of the spending placement of advertising with the funds (except for funds placed in the specific brand management fund).

Advertising Cooperatives: You may, but are not obligated to, join with one or more other Franchisees or company-owned Centers in your market area (defined as the immediate metropolitan area within a radius of 25 miles) to form a local cooperative which shall be established and administered by a majority vote of the franchisees in the region in which you operate your Center. We reserve the right to require you to join any advertising cooperative we form. The cooperative will not be required to operate from written governing documents. The local advertising cooperative, when formed, will also assume responsibility for Yellow Pages advertising in the metropolitan area in which the cooperative operates. In your first six months of operation you may be required to spend the greater of 3% of Gross Revenues or two-thirds (2/3) of the lowest amount paid by another center in the cooperative, but not more than $~~1,000 for Micro Franchise, $2,000 for Rural Franchise and $4,000 for Standard Franchise~~4,000 per month (the "**Maximum Cooperative Advertising Requirement**"), toward the cooperative advertising. Beginning the seventh month of operations, you may be required to spend up to 3% of your Gross Revenues toward the cooperative advertising each month, but not more than the Maximum Cooperative Advertising Requirement each month. The cooperative may impose this requirement on you even if you are not otherwise required to spend money on local advertising. All franchises (including company owned) in the cooperative will contribute to the fund at the same rates. We may accumulate contributions to the Advertising Cooperative, and the balance may be carried over to subsequent years. We may also loan funds to the Advertising Cooperative at such times and on such terms as we determine, in our discretion. No cooperative funds will be used to sell franchises. The advertising cooperative must prepare annual financial statements, which must be delivered to us and all the franchisees in the cooperative within 120 days after our fiscal year end. As of the last fiscal year, no cooperatives were formed, therefore no monies were spent on advertising or carried forward. We reserve the right to form, change, dissolve, or merge advertising cooperatives in our discretion.

Marketing Development Fund: You will also be required to participate in the national marketing development program. Beginning in the first full month of operation, you must pay to us a contribution to the national marketing development fund ("**Marketing Development Fund**") ~~in~~the greater of either (i) an amount of 2.5% of your Gross Revenues per month ~~(~~, or (ii) the Minimum MDF Royalty of $125 for Micro Franchises and $250 for Standard Franchises, up to a maximum of $15,000 per calendar year per Center~~)~~, at the same time and manner as the Royalty Fee. We will administer the fund and hold the Marketing Development Fund in a separate bank account. All company-owned LearningRx Centers will be required to contribute to the Marketing Development Fund on the same basis as Franchisees. We will use the Marketing Development Fund for development expenses such as the creation of marketing and sales tools, development and maintenance of ~~any~~websites and Internet ~~or e-commerce programs,~~marketing, Pay-Per-Click campaigns Centers can opt into, social media campaigns, media production, public relations, research related expenses, ~~and any media or~~ agency costs and other costs for resources or tools for developing marketing for use by Centers. This may include our attendance at trade shows, and we may also reimburse our administrative expenses incurred in administering the Marketing Development Fund. Development expenditures may or may not be proportionate to your contributions or provide direct benefit to you or any other Franchisee. We are not required to spend any amount on advertising in your particular territory. We will spend the Marketing Development Fund in our discretion, and we have no fiduciary duty to you regarding the Marketing Development Fund. We may accumulate these funds, and the balance may be carried over to subsequent years. If the Marketing Development Fund operates at a deficit or requires additional funds at any time, we reserve the right to loan such funds to the Marketing Development Fund on any terms we determine. An unaudited annual financial statement of the Marketing Development Fund will be prepared within 120 days of the close of our fiscal year and will be available to any franchisee upon request. During our last fiscal year ended September 30, ~~2016~~2017, we spent $~~654,765.71~~564,968.63, with ~~37~~39.5% of the expenditures spent on Internet marketing, ~~29~~33.5% spent on production and development of marketing materials, ~~15~~0.6% spent on other miscellaneous marketing projects and resources, ~~16~~9.5% spent on public relations, ~~3~~0.1% spent on media production, 15% spent on research expenses, and ~~0~~1.7% spent on administration and other resources. No marketing funds will be used to sell franchises.

Other Advertising Programs.

Although we have not done so, we have the power to require a Franchisee Advisory ~~Council~~Board to be formed, changed, dissolved or merged. If formed, we will periodically meet with a ~~council~~board(s) of LearningRx franchisees ("**Franchisee Advisory ~~Council~~Board**") to provide us input. Members of the Franchisee Advisory ~~Council~~Board will be selected by us from existing Franchisee's. We will give due consideration to all input from the ~~council~~board(s) but we retain the ultimate decision-making authority and responsibility for all of these matters. If we submit a matter for approval by the Franchisee Advisory ~~Council~~Board, if one is formed, and that matter is approved by a majority vote of the Franchisee Advisory ~~Council~~Board, that approval will be fully binding on you.

Schedule for Opening

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

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular computer brand to establish or operate your business, but we do specify the standards for computer and communication equipment and Internet access, and we require you, at your expense, to have or purchase at least one computer system (we recommend that you have or purchase two systems) which has been specified by us as capable of running the software necessary for the operation of your Center, as provided in the Operations Manual. We estimate that the cost of the computer system(s) is $3,000 and may be purchased from any computer reseller. We have the right to require you to change this system from time to time at your expense and there is no contractual limitation on our ability to require these changes, however, these changes will not exceed $5,000 for any given change or upgrade. We reserve the right to specify computer hardware or software and to specify other computer-related standards in the future. We recommend that you obtain a hardware maintenance contract for your computer, either from the system supplier or a third party service provider, but you are not required to do so.

You must utilize our proprietary software consisting of a contact manager, student tracking, and accounting software. The cost for these technologies (Technology Fee) is from $1,800 to $2,400 (depending on the size of your territory) per year and is payable in four equal installments due on the first day of the first quarter you are open for business for the prior quarter. If a Center opens in the middle of a quarter, the Technology Fee is then calculated based on a pro-rated portion of the quarter the Center is open. For example, if a Standard Franchise center opens May 1, the fee would be $400 (for 2/3 of the quarter). If the Center opens May 15, the fee will be $300 (for ½ of the quarter) when debited in July for the second quarter fees). The required software system will be used to perform various functions including sales, accounting, management, and student functions. The system will also be used to record sales made at your Center and we will have access to data recorded in the system. There is no contractual limitation on our right to access your system, but we will only access business data and will not access personal data stored on the computer. We reserve the right to adjust this Technology Fee from time to time at our discretion upon reasonable notice to you Except for our obligation to provide maintenance to the software, neither we, our affiliates, nor any third parties, are required to provide ongoing maintenance, repairs, upgrades, or updates to your system. Currently, there are no optional or required maintenance/upgrade contracts for the system.

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

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

Operations Manual:

We will loan you a copy of our operating manual that contains mandatory and suggested specifications, standards, and procedures. This Manual is confidential and remains our property. LearningRx will modify this Manual, but the modification will not alter your status and rights under the Franchise Agreement (Franchise Agreement, Section 5). The table of contents is attached as Exhibit F. The Manual contains 698 pages.

ITEM 12
TERRITORY

We will grant to you territory ("**Territory**") defined by population size. A Micro Franchise has a population of less than ~~50,000; a Rural Franchise has a population from 50,000 to~~ 100,000 ~~population,~~; and a Standard Franchise has a population ~~over~~of 100,000 or more people, as determined by us. Your Territory may be delineated by boundary streets, highways, counties, or zip codes. We will not operate through our current trademarks, any permanent LearningRx Centers or grant franchises for a similar or competitive business within your Territory, but we have the right to do so anywhere outside your Territory. Since we do reserve some rights (see Reservation of Rights below), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may also have pre-existing PACE Licensees and Clinical Licensees offering educational services under different trademarks and trade names operating in your Territory. You will operate from one location approved by us and must receive our permission before relocating**.** We will grant approval to relocate if you are in compliance with the Franchise Agreement, you have paid all money owed to us and/or our affiliates, and the proposed location meets our site selection criteria as specified in the Manual. Once established and unless otherwise agreed, the boundaries of your Territory will not be adjusted without our prior written consent regardless of whether the population of your Territory increases or decreases over time.

We will provide limited advice about selecting and analyzing a site for the Center. Your site must be at least 1,000 square feet and be near the center of your Territory. Site selection is your responsibility but we will assist you in the location selection process by considering population density, income levels, general location guidelines, and the proximity of the proposed site to other LearningRx Centers or any other reasonable criteria. If we cannot agree on the site selection, then you must select two alternate sites. We will give you an evaluation of each location. We must approve or disapprove your site within 30 days after we receive notice of the location from you. If we do not approve your site or ~~nay~~any alternate sites, we may terminate your Franchise Agreement. Our assistance in no way constitutes a representation or warranty with respect to the site. (See Sections 8.02 and 10.02 of the Franchise Agreement).

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

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

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

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

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

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

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

Reservation of Rights

Rights We Reserve Under the Franchise Agreement:

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

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

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

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

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

5. to acquire and convert to the System operated by us any businesses offering services and products related to providing educational services, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other

system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;

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

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

ITEM 13
TRADEMARKS

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

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

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

Description of Mark	Application Date or Registration Date	Serial Number or Registration Number	Principal or Supplemental Register of the United States Patent and Trademark Office
LearningRx	May 20, 2003	2,718,173	Principal
ThinkRx	September 16, 2003	2,764,446	Principal
ReadRx	September 16, 2003	2,764,443	Principal
MathRx	September 23, 2003	2,766,947	Principal
LiftOff	Feb. 13, 2007	3,208,140	Principal

Description of Mark	Application Date or Registration Date	Serial Number or Registration Number	Principal or Supplemental Register of the United States Patent and Trademark Office
ComprehendRx	December 20, 2011	4,073,038	Principal
BrainSkills	September 11, 2001	2,487,377	Principal
Brain Camp	June 28, 2016	4,988,515	Principal
StudyRx	May 24, 2016	4,964,436	Principal

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

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks, which are relevant to your use of these Marks. All required affidavits have been filed.

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

In the event of any infringement of, or challenge to, your use of any name, mark or symbol, you must notify us within 3 days, and we will have the sole discretion to take any such action we deem appropriate in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Marks. We are not obligated to protect your rights to use the Marks. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you. Furthermore, we are not obligated to indemnify you for any losses of any kind that you may incur in connection with any infringement of, or challenge to, our or your rights to use the Marks. If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with such a change. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

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

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of LearningRx Centers, formulations for and packaging of products, and training and techniques used to provide services sold at LearningRx Centers, information concerning product and service sales, operating results, financial performance and other financial data of LearningRx Centers and other related materials are proprietary and confidential ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

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

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

No patents are material to us at this time.

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

You must disclose to us all ideas, techniques and products concerning the development and operation of the LearningRx Center you, your Manager or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners, Manager or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of the LearningRx Center that you, your Manager or your employees conceive or develop during the term of the Franchise Agreement in all educational businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

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

Copyrights					
Registration Number	**Title**	**Registration Date**	**Description**	**Date of Creation**	**Owner**
TXu001310035	Unlock the Einstein inside: applying new brain science to wake up the smart in your child.	2006.05.22		2006	LearningRx, Inc.
TXu001363359	Unlock the Einstein inside: applying new brain science to wake up the smart in your child.	2007.06.22		2007	LearningRx, Inc.
TXu001631266	The Purpose Directed Business: An insider's look into the values, strategies, and 15 profitability keys of small business success.	2010.01.25	Electronic File	2009	LearningRx, Inc.
TX7-363-818	ThinkRx Cognitive Training Procedures Workbook	2011.06.02	Workbook	2005	LearningRx, Inc.
TX7-363-800	ReadRx Student Manual	2011.06.01	3 workbooks	2003	LearningRx, Inc.
SR 675-747	Auditory Processing Drill Sheets	2011.06.06	Sound recording	2003	LearningRx, Inc.
SR 675-749	ReadRx Drill Sheets	2011.06.06	Sound recording	2003	LearningRx, Inc.
Case/SR# 1-660357401	Gibson Cognitive Test Battery	2011.09.13	Sound recording and work materials	1999	LearningRx, Inc.
TX7-435-653	LiftOff Skills Training Workbook	2011.10.10	Workbook	2005	LearningRx, Inc.
TX7-433-149	MathRx Workbook	2011.09.20	Workbook	2005	LearningRx, Inc.
TX7-430-328	ReadRx Trainer Manual	2011.09.13	Manual	2005	LearningRx, Inc.
TX 7-440-719	Franchisee Manual	2011.10.17	Manual	2003	LearningRx, Inc.
Case/SR# 1-660357841	Training Materials (5 card packet)	2011.10.12	Training materials on card stock (4 cards)	2003	LearningRx, Inc.
TX7-434-426	LearningRx Operations Manual	2011.10.14	Manual	2003	LearningRx, Inc.
Case/SR# 1-672199406	Training Materials (5 card packet)	2011.10.12	Presidents card (5)	2003	LearningRx, Inc.
TX7-430-980	LiftOff Training Card	2011.09.16	Set of cards	2005	LearningRx, Inc.
TX7-439-436	LearningRx Pre-Assessment Questionnaire	2011.10.17	Worksheet	2009	LearningRx, Inc.

Copyrights					
Registration Number	**Title**	**Registration Date**	**Description**	**Date of Creation**	**Owner**
TX7-434-427	Marketing Playbook	2011.10.14	Manual	2011	LearningRx, Inc.
TX 8-263-547	LearningRx.com website	2016.03.14	Website	2016	LearningRx, Inc.
TX7-775-918	ComprehendRx-Cognitive Training Procedures Workbook	2013.09.25	Workbook	2013	Learning Rx, Inc.

Proprietary Information:

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

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

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

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

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

ITEM 16
RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

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

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

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

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of Franchise term	Section 3	~~10~~5 years.
b. Renewal or extension of the term	Section 3	If you are in good standing you can add one additional term of ~~10~~5 years.
c. Requirements for franchisee to renew or extend	Section 3	Sign Successor Franchise Agreement, be current in payments, pay the Successor Franchise Fee. You will be asked to sign a new franchise agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same.
d. Termination by franchisee	N/A	N/A
e. Termination by franchisor without cause	N/A	N/A
f. Termination by franchisor with cause	Section 13.01	We can terminate if you commit any one of several violations.
g. "Cause" defined – curable defaults	Section 13.01(a)	You have 30 days to cure, including failure to comply with the System, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations.
h. "Cause" defined – non-curable defaults	Section 13.01(b)	Non-curable defaults include misrepresentation by you, failure to complete initial training, bankruptcy†, insolvency, or appointment of receiver, repeated defaults even if cured, abandonment, trademark misuses and unapproved transfers.
i. Franchisee's obligations on termination/nonrenewal	Sections 13.02, 13.03	Obligations include complete de-identification, non-competition and payment of amounts due.
j. Assignment of contract by franchisor	Section 14, Attachment ~~X~~XI	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Section 14.03	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by Franchisee	Section 14.04-14.06	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 14.04	New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, escrowed funds for transferee's initial marketing, general release signed by you*, and current agreement signed by new Franchisee.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's Business.	Section 14.07, Attachment ~~X~~XI	We can match any offer for your Business.
o. Franchisor's option to purchase your Business	Section 14.07, Attachment ~~X~~XI	We may purchase your inventory and equipment at fair market value if franchise is terminated for any reason.
p. Death or disability of franchisee	Section 14.06	Franchise must be assigned by estate to approved buyer within 120 days.
q. Non-competition covenants during the term of franchise	Section 15.01	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.01	No involvement in competing business for 2 years within Territory, within adjacent counties, 50 miles from Territory or another LearningRx franchisee, on the internet or other Multi-Area marketing channels
s. Modification of agreement	Sections 7.04, 8.09, & 18.02	No modifications generally but Manual subject to change.
t. Integration/merger clause	Section 18.01	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the franchise disclosure document and franchise agreement may not be enforceable. Nothing in this Agreement or in any related agreements is intended to disclaim the representations LearningRx made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be mediated and then arbitrated.
v. Choice of forum	Section 16.06	Mediation, arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Colorado. (Subject to State law)*
w. Choice of law	Section 16.06	Colorado law applies. (Subject to State law)*

* See Exhibit E.

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

AREA DEVELOPER AGREEMENT

Provision	Section in Area Developer Agreement	Summary
a. Length of Franchise term	Section 2	Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of the number of months described in Schedule A from the Effective Date, or (b) completion of the term of the Development Schedule.
b. Renewal or extension of the term	Section 2	At the Franchisors discretion and if you are in good standing you can add one additional term as described in a renewed Schedule A.
c. Requirements for franchisee to renew or extend	Section 2	Area Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor, and the parties agree in writing to an extension of the Development Schedule
d. Termination by franchisee	N/A	N/A
e. Termination by franchisor without cause	N/A	N/A
f. Termination by franchisor with cause	Section 6.01	We can terminate if you commit any one of several violations.
g. "Cause" defined – curable defaults	N/A	N/A
h. "Cause" defined – non-curable defaults	Section 6.01	Failure to comply with the Development Schedule, fail to perform any obligations under this Agreement or any individual Franchise Agreement, Termination of any individual Franchise Agreement cease to be a franchisee in good standing or fail to comply with the provisions on transfer contained in this agreement.
i. Franchisee's obligations on termination/nonrenewal	Sections 9.02	Obligations include complete de-identification, non-competition and payment of amounts due.
j. Assignment of contract by franchisor	Section 7.01	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Section 7.02	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by Franchisee	Section 7.03	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 7.03	New Area Developer qualifies, all monetary obligations satisfied, ADA not in default of any agreement, Transfer Fee paid, purchase agreement approved, training arranged, general release signed by you*, and current agreement signed by new Franchisee.
n. Franchisor's right of first refusal to acquire franchisee's Business.	Section 7.06	We can match any offer for your Business.

Provision	Section in Area Developer Agreement	Summary
o. Franchisor's option to purchase your Business	N/A	N/A
p. Death or disability of franchisee	N/A	N/A
q. Non-competition covenants during the term of franchise	Section 9.01	No involvement in competing business anywhere in U.S.*
r. Non-competition covenants after the franchise is terminated or expires	Section 9.02	No involvement in competing business for 2 years within Development Territory, within adjacent counties, 50 miles from Development Territory or another LearningRx Area Developer or LearningRx Training Center, on the internet or other Multi-Area marketing channels
s. Modification of agreement	Sections 11.02	None except by a written agreement signed by the parties.
t. Integration/merger clause	Section 11.01	Only the terms of the Area Developer Agreement are binding (subject to state law). Any representations or promises made outside the franchise disclosure document and franchise agreement may not be enforceable. Nothing in this Agreement or in any related agreements is intended to disclaim the representations LearningRx made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 10.01	Except for certain claims, all disputes must be arbitrated.
v. Choice of forum	Section 10.02	Mediation, arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Colorado. (Subject to State law)*
w. Choice of law	Section 10.02	Colorado law applies. (Subject to State law)*

* See Exhibit E.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

(2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We have based the claims in Chart One upon the business records and financial statements prepared by our Affiliate. We have based the claims in Chart Two upon the business records and financial statements prepared by our franchisees and have compiled the claims to the extent possible in a manner consistent with generally accepted accounting principles consistently applied. Written substantiation for the financial performance representation will be made available to you upon reasonable request. The products and services offered by each franchisee and our Affiliate, although essentially the same, may vary slightly based on market conditions, demand for specific products, the learning requirements of customers, and the sales skills utilized by the owners and employees of each individual center. The gross revenue attained by each center will depend on a wide range of factors including, but not limited to, geographic differences, competition within the immediate market area, the quality of the service provided to customers by the franchisee and its employees, consumer demand for our products, and the marketing skills and sales efforts employed by each franchisee. The profitability of individual franchisees will depend on a number of factors which may vary due to the individual characteristics of each center. Factors affecting the net profits may include, but are not limited to, the costs of labor, insurance, supplies, and compliance with state and local laws regulating the provision of educational training services, including any state-specific licensing requirements. **Your individual results may differ. There is no assurance that you'll earn as much or that your expenses will be similar.**

~~The financial performance figures represent historical operating figures for all LearningRx franchisee-owned Centers open during the full fiscal year October 1, 2015 through September 30, 2016. The chart reflects the performance experienced by the average of all LearningRx franchisee-owned Centers by revenue who operated a Center during the full fiscal year~~ **CHART ONE**

The financial performance figures in Chart One represents historical information for the LearningRx affiliate-owned Center located in Colorado Springs, Colorado for the period of November 1, 2016 through October 31, 2017.

A. REVENUE, EXPENSES, INCOME AND PROFIT FOR THE PERIOD OF NOVEMBER 1, 2016 – OCTOBER 31, 2017

~~**2015**~~ ~~- 2016. As of September 30, 2016, out of 76 franchisee-owned Centers, 72 operated during the full fiscal year ending September 30 2016. All 72 franchisee owned Centers operating for a full fiscal year ending September 30, 2016 are represented below. Twenty-two out of the 72 Centers, or 31%, attained or surpassed the stated results.~~

~~**Some outlets have earned this amount.**~~

~~**Your individual results may differ. There is no assurance that you'll earn as much.**~~

~~**October 1,**~~ Total Revenue Charged~~**2015 September 30, 2016**~~	$461,744

Total Revenue Collected	$460,929
~~Average revenue charged (Note 1)~~Total Expenses	$~~280,331~~404,847
~~Average case size~~Net Operating Income (Based on Collections)	$~~7,156~~56,082
~~Average satisfaction rating out of 10%~~	~~9.6~~
Percentage of ~~consultation that became students~~Profit (Based on Collections)	~~41~~12.2%

~~Mean expenses as % of revenue (Notes 2 & 5)~~	
~~Advertising~~	~~14%~~
~~Bank and Credit Card Fees~~	~~2%~~
~~Facilities (Note 3)~~	~~18%~~
~~Insurance~~	~~1%~~
~~Miscellaneous~~	~~1%~~
~~Royalty (Note 4)~~	~~9%~~
~~Supplies~~	~~4%~~
~~Taxes (Non-Payroll)~~	~~0%~~
~~Travel and Entertainment~~	~~1%~~

~~Percentage available for salaries & profit* (Note 6)~~Total Revenue Charged Per Student	~~50%~~$6,892

B. EXPENSES; EXPENSES AS A PERCENTAGE OF TOTAL REVENUE CHARGED FOR THE PERIOD OF NOVEMBER 1, 2016 – OCTOBER 31, 2017

EXPENSE	AMOUNT	EXPENSE AS A PERCENTAGE OF TOTAL REVENUE CHARGED
Total Local Marketing Expense	$73,072	15.8%
Marketing Development Fund Contribution	$11,782	2.6%
Royalty Payment to Franchisor	$42,240	9.1%
Bank and Credit Card Fees	$8,947	1.9%
Facility	$33,370	7.2%
Insurance	$2,000	0.4%
Payroll	$218,810	47.4%
Misc.	$599	0.1%

Outside Services	$7,667	1.7%
Supplies	$17,600	3.8%
Travel and Entertainment	$542	0.1%
Total Expenses for Reporting Period	$404,847	87.7%

C. TOTAL REVENUE CHARGED PER PROGRAM OFFERING; PERCENTAGE OF REVENUE BY PROGRAM OFFERING FOR THE PERIOD OF NOVEMBER 1, 2016 – OCTOBER 31, 2017

PROGRAM	REVENUE CHARGED	PERCENTAGE OF REVENUE CHARGED
Assessment Charges	$19,696	3.4%
BrainSkills Charges	$690	0.1%
ComprehendRx Charges	$50,388	10.9%
Einstein Charges	$35,694	7.7%
LiftOff Charges	$8,368	1.8%
MathRx Charges	$19,106	4.1%
Miscellaneous Charges	$6,367	1.4%
ReadRx Charges	$243,145	52.7%
ThinkRx Charges	$82,331	17.8%

Notes for Chart One.

1. The information provided in Chart One is from the Colorado Springs, Colorado LearningRx location operated by our affiliate, LearningRx, Inc. This location has been operating since 2003.

2. TABLE A: The Total Revenue Charged shown in Table A is based on the accrual method. These sums reflect the actual amounts billed to clients during the fiscal year commencing November 1, 2016 through October 31, 2017 ("Reporting Period"). The Total Revenue Collected shown in Table A reflects the actual amount of gross revenues collected during the Reporting Period. The amount of the individual expenses that are included in the Table A are shown in Table B for the Reporting Period. The Net Operating Income is the actual net income for the Reporting Period before any interest or taxes are paid. During the period of November 1, 2016 to October 31, 2017 there were 70 total LearningRx Centers operated by franchisees for 12 months or longer. Of these 70 franchised locations, 5 had Total Revenue Charged greater than the LearningRx Center operated by our Affiliate.

3. TABLE B: Table B shows all the expenses incurred for the Reporting Period other than certain taxes. The expenses for local marketing include costs for direct mail, pay per click, print

ads, radio, referral fees, television, internet advertising and other miscellaneous advertising. Payroll expenses include all staff wages, payroll taxes, and health expenses. We paid $121,642 on administrative payroll expenses and $97,168 on trainer payroll expenses. The Facility expenses include rent, insurance, property taxes, utilities, Internet and CAM charges. This Facility has 2,237 square feet. Your expenses may be more based on the total square footage of your facility and the rental rates in your territory. Miscellaneous expenses include expenses such as the Better Business Bureau. Outside Services include legal and accounting services and technology fees and IT support. The Supplies include student Kits and general office supplies. The Royalty is based on the amount of Total Revenue Collected. The average marketing cost incurred during the Reporting Period per new student that joined the LearningRx Center during the Reporting Period is $747.50. Sixty-seven new students joined during the Reporting Period.

4. TABLE C: Table C shows the Revenue Charged for each program offered by the LearningRx Center operated by our Affiliate and the percentage of Total Revenue Charged for each program offered by the LearningRx Center for the Reporting Period. All of these programs are available to Franchisees to offer as part of his/her/its LearningRx Center. Miscellaneous services include charges that are for extended training.

The financial performance figures in Chart Two represents historical operating figures for all LearningRx Centers open during the full fiscal year October 1, 2016 through September 30, 2017. The chart reflects the performance experienced by the average of all LearningRx Centers by revenue who operated a Center during the full fiscal year 2016 – 2017. As of September 30, 2017, out of the 71 LearningRx Centers, 70 operated during the full fiscal year ending September 30, 2017. All 70 Centers operating for a full fiscal year ending September 30, 2017, are represented below. Thirty-Four out of the 70 Centers, or 48.5%, attained or surpassed the stated results.

CHART TWO

October 1, 2016 - September 30, 2017	Average	Median	High	Low	# Above Avg.	# Above Median
Average Revenue Charged (Note 1)	$248,999.16	$231,012.65	$684,171.89	$21,161.65	35	36
Average Case Size	$7,328.48	$7,460.63	$13,159.02	$2,222.08	39	37
Average on Final Surveys	9.0	9.7	10.0	0.0	61	21
% Student / Consultation	50%	47.14%	114.00%	21.00%	28	35
Mean Expenses as % of revenue (Notes 2 & 5)						
Advertising	15.22%	9.65%	353.53%	0.00%	12	35
Bank and Credit Card Fees	2.17%	1.86%	7.77%	0.00%	24	34
Facilities (Note 3)	22.77%	17.55%	294.76%	1.18%	15	35
Insurance	1.32%	0.72%	12.43%	0.00%	18	34
Miscellaneous	1.36%	0.47%	12.02%	-0.15%	17	34
Royalty (Note 4)	8.29%	8.52%	18.97%	0.00%	38	35

Supplies	4.08%	3.36%	48.69%	-1.92%	26	35
Taxes (Non-Payroll)	0.34%	0.01%	4.16%	0.00%	12	34
Travel and Entertainment	1.69%	0.84%	11.22%	0.00%	21	35
Percentage Available for Salaries & Profit* (Note 6)	44.45%	36.23%	436.19%	0.00%	24	34

Notes

1. Average Revenue Charged is based on the accrual basis. These numbers reflect amounts billed to clients during the fiscal year October 1, 2016~~2015~~ through September 30, ~~2016~~2017, but do not reflect actual collections during that period. The numbers in this category reflect the average net revenue achieved by all ~~72 franchised~~70 Centers open the entire fiscal year.

2. Expenses reflect the mean percent of revenue charged for the expense indicated paid during the fiscal year October 1, ~~2015~~2016 through September 30, ~~2016~~2017.

3. Facilities expense includes rent, utilities, telephone, Internet service, and in some cases, buildout.

4. The Royalty percentage reported in this chart is based on Revenues collected by franchisees during the fiscal year October 1, 2016~~2015~~ through September 30, ~~2016~~2017.

5. This may not include all expenses you will incur in operating a ~~center~~Center. Examples of excluded expenses include interest and other non-operating expenses.

6. Percentage available for salary and profit is a combined percentage because ~~centers~~Centers record salary differently – some owners take a salary and others a net profit and some both.

The financial performance figures in Chart Three represent historical operating figures for all Micro Franchise LearningRx Centers open during the full fiscal year October 1, 2016 through September 30, 2017. The chart reflects the performance experienced by the average of Micro Franchise LearningRx Centers by revenue who operated a Center during the full fiscal year 2016 – 2017. As of September 30, 2017, out of the 6 LearningRx Centers, 5 operated during the full fiscal year ending September 30, 2017. All 5 Centers operating for a full fiscal year ending September 30, 2017, are represented below. Three out of the 5 Centers, or 60%, attained or surpassed the stated results.

CHART THREE

October 1, 2016 - September 30, 2017	Average	Median	High	Low	# Above Avg.	# Above Median
Average Revenue Charged (Note 1)	$123,999.80	$144,496.05	$154,846.45	$66,545.24	3	2
Average Case Size	$6,066.87	$6,569.67	$7,472.70	$3,038.50	4	2
Average on Final Surveys	9.3	9.5	9.8	8.5	3	2
% Student / Consultation	53%	38.64%	114.00%	32.00%	1	3

Mean Expenses as % of revenue (Notes 2 & 5)						
Advertising	13.98%	12.73%	19.04%	9.68%	2	2
Bank and Credit Card Fees	2.28%	1.85%	4.80%	0.75%	1	2
Facilities (Note 3)	22.37%	21.92%	27.36%	18.07%	2	2
Insurance	1.61%	1.68%	2.22%	1.11%	3	2
Miscellaneous	3.57%	0.75%	10.18%	0.01%	2	2
Royalty (Note 4)	9.16%	9.44%	12.99%	6.14%	3	2
Supplies	5.32%	4.97%	8.99%	0.75%	2	2
Taxes (Non-Payroll)	1.23%	0.75%	2.94%	0.00%	2	2
Travel and Entertainment	3.08%	2.25%	10.27%	0.04%	1	2
Percentage Available for Salaries & Profit* (Note 6)	32.20%	29.15%	64.56%	10.02%	2	2

Notes

1. Average Revenue Charged is based on the accrual basis. These numbers reflect amounts billed to clients during the fiscal year October 1, 2016 through September 30, 2017, but do not reflect actual collections during that period. The numbers in this category reflect the average net revenue achieved by all 5 Micro Franchise Centers open the entire fiscal year.

2. Expenses reflect the mean percent of revenue charged for the expense indicated paid during the fiscal year October 1, 2016 through September 30, 2017.

3. Facilities expense includes rent, utilities, telephone, Internet service, and in some cases, buildout.

4. The Royalty percentage reported in this chart is based on Revenues collected by franchisees during the fiscal year October 1, 2016 through September 30, 2017.

5. This may not include all expenses you will incur in operating a Center. Examples of excluded expenses include interest and other non-operating expenses.

6. Percentage available for salary and profit is a combined percentage because Centers record salary differently – some owners take a salary and others a net profit and some both.

The financial performance figures in Chart Four represent historical operating figures for all Standard Franchise LearningRx Centers open during the full fiscal year October 1, 2016 through September 30, 2017. The chart reflects the performance experienced by the average of all Standard Franchise LearningRx Centers by revenue who operated a Center during the full fiscal year 2016 – 2017. As of September 30, 2017, out of the 67 Standard Franchise LearningRx Centers, 66 operated during the full fiscal year ending September 30, 2017. All 66 Centers operating for a full fiscal year ending September 30, 2017, are represented below. Thirty-five out of the 66 Centers, or 53%, attained or surpassed the stated results.

CHART FOUR

October 1, 2016 - September 30, 2017

	Average	Median	High	Low	# Above Avg.	# Above Median
Average Revenue Charged (Note 1)	$240,266.78	$261,887.46	$684,171.89	$21,161.65	35	32
Average Case Size	$6,901.23	$7,893.77	$13,159.02	$2,222.08	38	32
Average on Final Surveys	8.4	9.6	10.0	0.0	62	28
% Student / Consultation	46%	47.75%	98.00%	21.00%	37	34
Mean Expenses as % of revenue (Notes 2 & 5)						
Advertising	14.23%	8.91%	353.53%	0.00%	12	32
Bank and Credit Card Fees	2.01%	1.86%	7.77%	0.00%	24	32
Facilities (Note 3)	21.19%	16.16%	294.76%	1.18%	17	32
Insurance	1.21%	0.67%	12.43%	0.00%	16	32
Miscellaneous	1.11%	0.44%	12.02%	-0.15%	17	32
Royalty (Note 4)	7.64%	8.40%	18.97%	0.00%	41	32
Supplies	3.71%	3.21%	48.69%	-1.92%	25	32
Taxes (Non-Payroll)	0.25%	0.01%	4.16%	0.00%	10	31
Travel and Entertainment	1.48%	0.83%	11.22%	0.00%	20	32
Percentage Available for Salaries & Profit* (Note 6)	42.18%	36.45%	436.19%	0.00%	27	32

Notes

1. Average Revenue Charged is based on the accrual basis. These numbers reflect amounts billed to clients during the fiscal year October 1, 2016 through September 30, 2017, but do not reflect actual collections during that period. The numbers in this category reflect the average net revenue achieved by all 66 Standard Franchise Centers open the entire fiscal year.

2. Expenses reflect the mean percent of revenue charged for the expense indicated paid during the fiscal year October 1, 2016 through September 30, 2017.

3. Facilities expense includes rent, utilities, telephone, Internet service, and in some cases, buildout.

4. The Royalty percentage reported in this chart is based on Revenues collected by franchisees during the fiscal year October 1, 2016 through September 30, 2017.

5. This may not include all expenses you will incur in operating a Center. Examples of excluded expenses include interest and other non-operating expenses.

6. Percentage available for salary and profit is a combined percentage because Centers record salary differently – some owners take a salary and others a net profit and some both.

Other than the preceding financial performance ~~representation~~representations, LearningRx does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dean Tenpas, LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919, 719-264-8808, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

LearningRx (UNIT)

Table No. 1

Systemwide Outlet Summary
For Fiscal Years ~~2014-2016~~2015-2017 as of September 30 of each year

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2015~~2014~~**	~~88~~83	~~84~~78	-~~4~~5
	2016~~2015~~	~~84~~78	~~79~~75	-~~5~~3
	~~2016~~2017	~~79~~75	~~76~~70	-~~3~~5
Company Owned	**2015~~2014~~**	2	~~2~~1	~~0~~-1
	2016~~2015~~	~~2~~1	1	~~-1~~0
	~~2016~~2017	1	1	0
Total Outlets	**2015~~2014~~**	~~90~~85	~~86~~79	-~~4~~6
	2016~~2015~~	~~86~~79	~~80~~76	-~~6~~3
	~~2016~~2017	~~80~~76	~~77~~71	-~~3~~5

Table No. 2

Transfers of Franchised Outlets
For Years ~~2014-2016~~2015-2017 as of September 30 of each year

State	Year	Number of Transfers
Arizona~~Illinois~~	**2015~~2014~~**	0
	2016	0
	2017	1
Florida	**2015**	0
	2016	~~1~~0
	2017	1
Hawaii~~Idaho~~	**2015~~2014~~**	0
	2016	0

State	Year	Number of Transfers
	2017	1
Illinois	2015	0
	2016	1
~~Indiana~~	~~2014~~2017	~~1~~0
Idaho	2015	0
	2016	~~0~~1
	2017	0
Louisiana	2015~~2014~~	~~0~~1
	~~2015~~	~~1~~
	2016	0
	2017	0
New Jersey	2015~~2014~~	0
	~~2015~~	~~0~~
	2016	1
	2017	0
New Mexico	2015~~2014~~	~~0~~1
	~~2015~~	~~1~~
	2016	0
	2017	0
North Carolina	2015~~2014~~	~~0~~1
	~~2015~~	~~1~~
	2016	0
~~Ohio~~	~~2014~~2017	~~1~~0
Texas	2015	~~0~~2
	2016	~~0~~6
~~Tennessee~~	~~2014~~2017	~~1~~3
Virginia	2015	0
	2016	0
~~Texas~~	~~2014~~2017	~~0~~1
	~~2015~~	~~2~~
	~~2016~~	~~6~~
Wisconsin	2015~~2014~~	~~1~~0
	~~2015~~	~~0~~
	2016	0
	2017	1
Totals	2015~~2014~~	~~4~~5
	~~2015~~	~~5~~
	2016	9

State	Year	Number of Transfers
	2017	8

Table No. 3

Status of Franchised Outlets
For Years ~~2014-~~2015-2017~~2016~~, as of September 30 of each year

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2015~~2014~~	~~1~~0	0	0	0	0	~~1~~0	0
	2016~~2015~~	0	0	0	0	0	0	0
	~~2016~~2017	0	0	0	0	0	0	0
Arizona	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1
Arkansas	2015~~2014~~	2	0	0	0	0	~~0~~1	~~2~~1
	2016~~2015~~	~~2~~1	0	0	0	0	1	~~1~~0
	~~2016~~2017	~~1~~0	0	0	0	0	~~1~~0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
California	2015~~2014~~	4	0	0	0	0	0	4
	2016~~2015~~	4	~~0~~1	0	~~0~~1	0	~~0~~1	~~4~~3
	~~2016~~2017	~~4~~3	~~1~~0	0	~~1~~0	0	~~1~~0	3
Colorado	2015~~2014~~	3	0	0	0	0	0	3
	2016~~2015~~	3	1	0	0	0	0	4
	~~2016~~2017	4	~~1~~0	0	0	0	0	~~5~~4
Florida	2015~~2014~~	~~5~~4	~~0~~1	0	0	0	~~1~~2	~~4~~3
	2016~~2015~~	~~4~~3	~~1~~0	0	~~0~~1	0	~~2~~0	~~3~~2
	~~2016~~2017	~~3~~2	0	0	~~1~~0	0	0	2
Georgia	2015~~2014~~	~~3~~2	0	0	0	0	~~1~~0	2
	2016~~2015~~	2	0	0	0	0	0	2
	~~2016~~2017	2	0	0	0	0	0	2
Hawaii	2015~~2014~~	0	~~0~~1	0	0	0	0	~~0~~1
	2016~~2015~~	~~0~~1	~~1~~0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1
Idaho	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1
Illinois	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Indiana	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1
Iowa	2015~~2014~~	3	0	0	0	0	0	3
	2016~~2015~~	3	0	0	0	0	0	3
	~~2016~~2017	3	0	0	0	0	~~0~~1	~~3~~2
Kansas	2015~~2014~~	0	0	0	0	0	0	0
	2016~~2015~~	0	0	0	0	0	0	0
	~~2016~~2017	0	1	0	0	0	0	1
Kentucky	2015~~2014~~	3	0	0	0	0	~~0~~1	~~3~~2
	2016~~2015~~	~~3~~2	0	0	0	0	~~1~~0	2
	~~2016~~2017	2	0	0	0	0	~~0~~1	~~2~~1
Louisiana	2015~~2014~~	4	~~0~~1	0	0	0	~~0~~2	~~4~~3
	2016~~2015~~	~~4~~3	~~1~~0	0	0	0	2	~~3~~1
	~~2016~~2017	~~3~~1	0	0	0	0	~~2~~0	1
Maryland	2015~~2014~~	~~2~~1	0	~~1~~0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	0	1
Minnesota	2015~~2014~~	7	0	0	0	0	~~0~~1	~~7~~6
	2016~~2015~~	~~7~~6	~~0~~1	0	0	0	~~1~~0	~~6~~7
	~~2016~~2017	~~6~~7	1	0	0	0	0	~~7~~8

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Montana	2015~~2014~~	1	0	0	0	0	~~0~~1	~~1~~0
	2016~~2015~~	~~1~~0	0	0	0	0	~~1~~0	0
	~~2016~~2017	0	0	0	0	0	0	0
Nebraska	2015~~2014~~	1	0	0	0	0	~~0~~1	~~1~~0
	2016~~2015~~	~~1~~0	0	0	0	0	~~1~~0	0
	~~2016~~2017	0	0	0	0	0	0	0
New Jersey	2015~~2014~~	~~5~~6	~~2~~0	~~1~~0	0	0	~~0~~1	~~6~~5
	2016~~2015~~	~~6~~5	0	0	0	0	~~1~~0	5
	~~2016~~2017	5	0	0	0	0	~~0~~1	~~5~~4
New Mexico	2015~~2014~~	1	~~0~~1	0	0	0	~~0~~1	1
	2016~~2015~~	1	~~1~~0	0	0	0	~~1~~0	1
	~~2016~~2017	1	0	0	0	0	0	1
New York	2015~~2014~~	~~2~~1	0	0	0	0	1	~~1~~0
	2016~~2015~~	~~1~~0	0	0	0	0	~~1~~0	0
	~~2016~~2017	0	0	0	0	0	0	0
North Carolina	2015~~2014~~	2	~~0~~1	0	0	0	~~0~~1	2
	2016~~2015~~	2	~~1~~0	0	0	0	~~1~~0	2
	~~2016~~2017	2	0	0	0	0	0	2
Ohio	2015~~2014~~	1	~~0~~1	0	0	0	0	~~1~~2
	2016~~2015~~	~~1~~2	~~1~~0	0	0	0	0	2
	~~2016~~2017	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Oklahoma	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	~~0~~1	~~1~~0
Pennsylvania	2015~~2014~~	~~1~~0	0	0	0	0	~~1~~0	0
	2016~~2015~~	0	0	0	0	0	0	0
	~~2016~~2017	0	0	0	0	0	0	0
South Carolina	2015~~2014~~	0	0	0	0	0	0	0
	2016~~2015~~	0	0	0	0	0	0	0
	~~2016~~2017	0	0	0	0	0	0	0
Tennessee	2015~~2014~~	3	~~0~~1	0	0	0	0	~~3~~4
	2016~~2015~~	~~3~~4	~~1~~0	0	0	0	0	4
	~~2016~~2017	4	0	0	0	0	0	4
Texas	2015~~2014~~	17	~~2~~3	0	0	0	~~1~~3	17
	2016~~2015~~	17	~~3~~1	0	0	0	~~3~~1	17
	~~2016~~2017	17	~~1~~0	0	0	0	1	~~17~~16
Virginia	2015~~2014~~	8	1	0	0	0	~~0~~2	~~9~~7
	2016~~2015~~	~~9~~7	~~1~~0	0	0	0	~~2~~0	~~8~~7
	~~2016~~2017	~~8~~7	0	0	0	0	0	~~8~~7
Washington	2015~~2014~~	1	0	0	0	0	0	1
	2016~~2015~~	1	0	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	~~0~~1	~~1~~0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Wisconsin	2015~~2014~~	3	~~0~~1	0	0	0	0	~~3~~4
	2016~~2015~~	~~3~~4	~~1~~0	0	0	0	0	4
	~~2016~~2017	4	0	0	0	0	0	4
Total Outlets	2015~~2014~~	~~88~~82	~~4~~13	~~2~~0	0	0	~~6~~18	~~84~~77
	2016~~2015~~	~~84~~77	~~13~~5	0	~~0~~2	0	~~18~~5	~~79~~75
	~~2016~~2017	~~79~~75	~~5~~1	0	~~2~~0	0	~~5~~6	~~77~~70

Table No. 4

Status of Company-Owned Outlets
For Years ~~2014-~~2015-2017~~2016~~ as of September 30 of each year

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2015~~2014~~	2	0	0	0	0	2
	2016~~2015~~	2	0	0	1	0	1
	~~2015~~2017	1	0	0	0	0	1
Total Outlets	2015~~2014~~	2	0	0	0	0	2
	2016~~2015~~	2	0	0	1	0	1
	~~2016~~2017	1	0	0	0	0	1

Table No. 5

Projected Openings as of
September 30, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Colorado	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	1	0
Georgia	0	1	0
Hawaii	0	1	0
Minnesota	0	1	0
Nevada	0	1	0
~~Ohio~~Texas	0	1	0
~~Tennessee~~	~~0~~	~~1~~	~~0~~
Totals	0	~~9~~8	0

Lists of Current and Former Franchises:

The name, business address, and business telephone number of each current franchisee as of the end of our last fiscal year, which is September 30, 2017~~2016~~, are listed below.

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
~~Matt Owen~~Robyn Chancellor	~~mowen~~rchancellor@learningrx.net	(480)855-9099	565 West Chandler Blvd., Ste 116	Chandler	AZ	85225
Renee Bautista & Tom DeWitt	r.bautista@learningrx.net	(559)27LEARN (275-3276)	9495 N. Fort Washington Rd., Ste 108	Fresno	CA	93720
Renee Bautista & Tom DeWitt	r.bautista@learningrx.net	707/992-5762	3120 Lakeville Highway, Suite B	Petaluma	CA	94952
Suzi Donovan	sdonovan@learningrx.net	(707)890-3200	100 Brush Creek Drive – Suite 102	Santa Rosa	CA	95404
Amber Conover	aconover@learningrx.net	(719)285-4708	1033 Logan	Canon City	CO	81212
Kim Kellan-Miller	kim.k@learningrx.net	(303)741-2300	7700 E. Arapahoe Rd., Ste 140	Centennial	CO	80112
Ken Gibson **	ken@learningrx.com	(719)550-8263	7075 Campus Dr., Ste 202	Colorado Springs	CO	80920
Kim Kellan-Miller	kim.k@learningrx.net	(303)284-6105	850 South Steele St., Ste 121	Denver	CO	80209
Mike Winchell	mike.winchell@learningrx.net	(970)672-2020	1100 Haxton Dr., Ste 105	Fort Collins	CO	80525
~~Georgia Leacox~~ Lorenzo Hurtado	~~gleacox~~lhurtado@learningrx.net	(407)614-6255	6735 Conroy Road – Suite 326	Orlando	FL	32835
Angela Fox	afox@learningrx.net	(850)~~384-9743~~ 466-4999	~~4300 Bayou Blvd., Ste 345~~910 Tippen Ave.	Pensacola	FL	~~32503~~32504
Beth Ardell & Susie McDaniel	b.ardell@learningrx.net	(770)475-3276	3538 Old Milton Parkway	Alpharetta	GA	30005
Beth Ardell & Susie McDaniel	b.ardell@learningrx.net	(404)252-7246	5252 Roswell Road, Heritage Park, Ste 100	Atlanta	GA	30342
~~Ed & Jody Jedlicka~~Charles Hall	~~e.jedlicka~~charles.hall@learningrx.net	(808)726-0626	98-1247 Kaahumanu St.	Aiea	HI	96701
Nancy Pim	nancy.pim@learningrx.net	(515)224-4819	1205 N. Ankeny Blvd.	Ankeny	IA	50023
~~Nancy Pim~~	~~nancy.pim@learningrx.net~~	~~(515)224-4819~~	~~4949 Westown Parkway~~	~~West Des Moines~~	~~IA~~	~~50263~~
Patrick & Courtney Axline	p.axline@learningrx.net	(319)393-0067	5815 Council Street NE, Unit #C	Cedar Rapids	IA	52402
Dana Manning	d.manning@learningrx.net	(208)258-2077	1910 N. Lakes Place	Meridian	ID	83646
Lori Bloomfield	l.bloomfield@learningrx.net	(630)470-9631	128 Iroquois Ave., Suite 400	Naperville	IL	60563
Heather Koenig	Heather k@learningrx.net	(317)845-1999	9767 Fall Creek Road	Indianapolis	IN	46256
~~Dennis Anderson/ Aaron & Elizabeth Zink~~	~~a.zink@learningrx.net~~	~~(859)373-0002~~	~~185 Pasadena Dr., Ste 115~~	~~Lexington~~	~~KY~~	~~40503~~
Anthony Zipple/Seven Counties	azipple@learningrx.net	(502)423-3713	10317 Champion Farms Drive	Louisville	KY	40241

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
LeAnna Lugafet	leanna.lugafet@learningrx.net	(620)259-7545	2522 N. Main St.	Hutchinson	KS	67502
Donesa Walker	d.walker@learningrx.net	(318)797-8523	8856 Youree Drive – Suite D	Shreveport	LA	71115
Suparna Shah	suparna@learningrx.net	301-944-5500	11908 Dainestown Road	Gaithersburg	MD	20878
Baird Johnson	baird.johnson@learningrx.net	(952)949-6900	600 Market St., Ste 120	Chanhassen	MN	55317
Rich Frieder	rich@learningrx.net	(651)686-1066	2874 Highway 55	Eagan	MN	55121
Baird Johnson	baird.johnson@learningrx.net	(763)746-5850	~~7270 Forestview Lane North, Ste 100~~101 Broadway Street West, Suite 102	~~Maple Grove~~Osseo	MN	55369
~~Rich Frieder~~Darci Stanford	~~rich@learningrx.net~~darci.stanford@learningrx.net	~~(952)226-1115~~(507) 414-7287	~~5733 Eagan Drive~~112 East Pearl Street	~~Savage~~Owatonna	MN	~~55378~~55060
Baird Johnson	baird.johnson@learningrx.net	(952) 777-3375	4725 Highway 7	Saint Louis Park	MN	55416
Rich Frieder	rich@learningrx.net	(952)226-1115	5733 Eagan Drive	Savage	MN	55378
Baird Johnson	baird.johnson@learningrx.net	(651)287-1441	~~3555 Willow Lake Blvd., Ste 180~~500 Hwy 96 West, Suite 100	~~Vadnais Heights~~Shoreview	MN	~~55110~~55126
Rich Frieder	rich@learningrx.net	(651)262-5900	8425 Seasons Parkway, Ste 101	Woodbury	MN	55125
~~Dave~~David Henderson	davidh@learningrx.net	(704)499-8888	10030 Edison Square Drive	Concord	NC	28027
~~Erin Whiteley~~Greg Huntington	~~ewhiteley~~greg.huntington@learningrx.net	(919)232-0090	8305 Six Forks Rd., Ste 207	Raleigh	NC	27615
Michael Ginsberg	michaelg@learningrx.net	(732)444-8579	176 ~~Route 9 North, Ste~~ US Hwy 9N, Northpoint #202	~~Englishtown~~Marlboro	NJ	~~07726~~07746
~~Stephen Pearson~~	~~spearson@learningrx.net~~	~~(856)348-3600~~	~~801 Route 73 North, Ste E~~	~~Marlton~~	~~NJ~~	~~08053~~
Michael Ginsberg	michaelg@learningrx.net	(732)444-8579	4 Hendrickson Ave & Hwy 35	Red Bank	NJ	07701
Cindy Zhou	cindy.zhou@learningrx.net	(973)376-4646	150 Main Street	Millburn	NJ	07041
Michael Di Cristino	mike.dicristino@learningrx.net	(908)222-7246	34 Mountain Blvd	Warren	NJ	07059
Kristin Dickey	k.dickey@learningrx.net	(505)856-1596	~~7120 Wyoming Blvd.~~7900 San Pedro NE, ~~Ste 16~~Suite B-1	Albuquerque	NM	87109
Steve Buie	sbuie@learningrx.net	(330)668-9711	150 Springside Dr., Ste B-240	Akron	OH	44333
David O'Reilly	d.oreilly@learningrx.net	(614)726-7000	6465 Reflections Drive, Suite 240	Dublin	OH	43017
~~Kristal Randall~~	~~k.randall@learningrx.net~~	~~(580)540-3450~~	~~2004 Commerce~~	~~Fairview~~	~~OK~~	~~73737~~
Adam Butler	adamb@learningrx.net	(615)953-8899	5554 Franklin Pike, Suite 200	Nashville	TN	37220
Ben Ubamadu	b.ubamadu@learningrx.net	(423)305-1599	2040 Hamilton Place Boulevard	Chattanooga	TN	37421

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Shervelle Thomas	shervelle.thomas@learningrx.net	901-620-2150	4680 Merchants Park Circle, Suite 214	Memphis	TN	38017
Adam Butler	adamb@learningrx.net	(615)953-8899	2044 Lascassas Pike – Suite A7	Murfreesboro	TN	37130
Julie Chambers	julie.chambers@learningrx.net	(469)208-4712	240-270 N. Denton Tap Rd.	Coppell	TX	75019
~~Iqan Kamal~~	~~iqan.k@learningrx.net~~	~~(972)267-8900~~	~~5924 Royal Ln., Ste 251~~	~~Dallas~~	~~TX~~	~~75230~~
Julie Chambers	julie.chambers@learningrx.net	(469)464-5888	2021 Justin Rd., Ste 249	Flower Mound	TX	75028
Julie Chambers	julie.chambers@learningrx.net	(972)432-6544	3550 Parkwood, Ste 304	Frisco	TX	75034
Robin Gibson	r.gibson@learningrx.net	(713)839-8885	4061 Bellaire Blvd., Ste. H	Houston	TX	77025
Lisa Branch	lbranch@learningrx.net	(936)295-4579	~~1423 Brazos Drive, Suite A~~1719 11th Street	Huntsville	TX	~~773207~~7340
~~Ellie Franz~~Lola Jewesimi	~~ellie~~lola.jewesimi@learningrx.net	(281)394-5533	24124 Cinco Village Center Blvd., Suite #200	Katy	TX	77494
~~Debby Romick~~Julie Chambers	~~debbyr~~julie.chambers@learningrx.net	(972)704-1293	2720 Virginia Parkway – Suite 200	McKinney	TX	75071
Deepika Minnal	dminnal@learningrx.net	(972)424-7915	619 W. FM 544, Suite 1B	Murphy	TX	75094
~~Iqan Kamal~~Deepika Minnal	~~iqan.k~~dminnal@learningrx.net	(972)267-8900	5136 Village Creek Dr., Ste 501	Plano	TX	75093
Gina Cruz	gcruz@learningrx.net	(210)967-6278	109 Gallery Circle, Ste 119	San Antonio	TX	78258
Whitney Meyer	wmeyer@learningrx.net	(210)699-6463	6222 De Zavala, #203	San Antonio	TX	78249
Jill Sheppard	jill.s@learningrx.net	(903)487-5959	1800 N. Travis St, Suite E	Sherman	TX	75092
Lisa Branch	lbranch@learningrx.net	(832)698-2450	8610 Louetta, Ste E	Spring	TX	77379
Syndee Howgate	showgate@learningrx.net	(281)302-4088	~~14015 SW~~13505 Southwest Freeway~~, Suite #10~~	Sugar Land	TX	77478
Lisa Branch	lbranch@learningrx.net	(832)482-3082	10857 Kuykendahl Rd., Ste. 240	The Woodlands	TX	77382
Syndee Howgate	showgate@learningrx.net	(281)819-4200	126 West Bay Area Blvd.	Webster	TX	77598
Dargan Coggeshall	dargan@learningrx.net	(434)220-7475	1441 Sachem Pl., Ste 3	Charlottesville	VA	22901
~~Rebecca Oliver~~Don Hollenbeck	~~rebecca.oliver@learningrx.net~~don.hollenbeck@learningrx.net	(703)995-9945	10513 C-D Braddock Rd.	Fairfax	VA	22032
~~Studley Robson~~	~~s.robson@learningrx.net~~	~~(540)569-3600~~	~~731-C East Market St~~	~~Harrisonburg~~	~~VA~~	~~24401~~
Don Hollenbeck	don.hollenbeck@learningrx.net	(571)465-2277	305 Harrison SE	Leesburg	VA	20175
Maureen Loftus	mloftus@learningrx.net	(703)689-0003	11260 Roger Bacon Drive, Ste 100	Reston	VA	20190
Studley Robson	s.robson@learningrx.net	(540)569-3600	1600 North Coatler Street, Suite 7	Staunton	VA	24401
Maureen Loftus	mloftus@learningrx.net	(703)462-9570	8321 Old Courthouse Rd., Ste 130	Vienna	VA	22182

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Annette ~~McLean~~McClean	a.mclean@learningrx.net	(757)226-0816	633 C Independence Boulevard	Virginia Beach	VA	23462
~~Cornell Atwater~~	~~c.atwater@learningrx.net~~	~~(425)657-0908~~	~~195 NE Gilman Blvd., Ste 100~~	~~Issaquah~~	~~WA~~	~~98027~~
Jacci Knutsen	j.knutsen@learningrx.net	(920)882-2006	N 474 Eisenhower Dr., Ste C	Appleton	WI	54915
~~Dena Martin~~Nancy Henn	~~d.martin~~n.henn@learningrx.net	(920)884-3040	2201 South Oneida Street	Green Bay	WI	54304
Gloria Meyer	gloria.m@learningrx.net	(612)867-7055	2333 Willis Miller Drive	Hudson	WI	54016
Kevin Pasqua	k.pasqua@learningrx.net	(262) 395-2250	21075 Swenson Drive, Suite 250	Waukesha	WI	53186

** Indicates Company owned locations.

Former Franchisees:

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

FRANCHISEE	PHONE	ADDRESS	CITY	ST	ZIP
~~Suzanne Miltich~~* Matt Owen	~~(479) 925-6275~~(480)282-2360	~~9679~~9658 E. ~~High Meadows Drive~~Gold Dust Ave.	~~Rogers~~Scottsdale	~~AR~~AZ	~~72756~~85258
* Geogia Leacox	(407) 614-6255	6735 Conroy Road, Suite 326	Orlando	FL	32835
Nancy Pim	(319)461-9095	4323 Grand Avenue, #434	Des Moines	IA	50312
~~** Martin Eaton (two franchises)~~Aaron Zink	~~(714) 612-5528~~(859)221-7784	~~1291 Mumford~~3956 Sweetspire Drive	~~Santa Ana~~Lexington	~~CA~~KY	~~92705~~40514
~~* Karen Anderson (sold two in Texas)~~	~~(972) 523-4195~~	~~16171 Old Forest Point, #203~~	~~Monument~~	~~CO~~	~~80132~~
~~Tommy Stricklin~~	~~(386) 316-7310~~	~~3394 Torre Blvd~~	~~New Smyrna Beach~~	~~FL~~	~~32168~~
~~* Bryan Elliott~~	~~(208) 867-9541~~	~~4466 N. Mendelson Ave.~~	~~Meridian~~	~~ID~~	~~83646~~
~~* Larry Tischer~~	~~(708) 533-8227~~	~~10458 Penny Lane~~	~~Frankfort~~	~~IL~~	~~60423~~
~~Cheri Engelhardt~~	~~(225) 335-6464~~	~~15450 Ryan Ave.~~	~~Prairieville~~	~~LA~~	~~70769~~
~~Amy Marcus~~	~~(318) 225-3441~~	~~3141 Marcus Dr.~~	~~Ruston~~	~~LA~~	~~71270~~
~~* Marcia Douglas~~Stephen Pearson	~~(908) 432-0746~~(856) 816-6828	~~29 Flintlock Court~~1806 Country Club Drive	~~Bernardsville~~Cherry Hill	NJ	~~07924~~08003
~~* Eric Welch~~	~~214-228-7673~~	~~3988 Legacy Trail~~	~~Carrollton~~	~~TX~~	~~75010~~
* ~~Kim Bellini~~Debby Romick	(~~713)515.0352~~972) 965-4450	~~6687 Pine Shadows~~245 S. Gibson Road, Apt. 6017	~~Cleveland~~Henderson	~~TX~~NV	~~77328~~89012
~~Jack Reiser~~Kristal Randall	~~(817) 366-9457~~(580)822-0105	~~7500 Mesa Verde Trl~~817 S. 13th	~~Fort Worth~~Fairview	~~TX~~OK	~~76137~~73737

FRANCHISEE	PHONE	ADDRESS	CITY	ST	ZIP
~~* Shelly Duer~~	~~(936) 661-4124~~	~~77 John Kay Road~~	~~Huntsville~~	~~TX~~	~~77320~~
* ~~Lisa Branch~~Sue Ellen Koop	(832) ~~482-3082~~326-3230	~~10857 Kuykendahl Rd., Ste. 240~~35954 CR 137	~~The Woodlands~~Bedias	TX	~~77382~~77831
* Iqan Kammal	(972)922-1490	1127 Crestwick Drive	Murphy	TX	75094
* Rebecca Oliver	(703)585-4055	5432 Bromyards Court	Burke	VA	22015
Cornell Atwater	(425)241-2953	13840 SE 92nd Street	Newcastle	WA	98059
* Dena Martin	(920)884-3040	409 Appletree Lane	Little Chute	WI	54140
* Ed Jedlicka	(920)915-4001	11011 W. North Ave, Apt. 107	Wauwatosa	WI	53226

* Indicates a franchisee that sold a Center.
** Indicates a franchisee that transferred to a LearningRx Clinical license.

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

Confidentiality Agreements:

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

Associations and/or Organizations:

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

National Association of Cognitive Training.

Baird Johnson, Chairman (952) 949-6900 baird.johnson@comcast.net
Jill Pasqua, Treasurer, (262) 395-2250 pasquajk@earthlink.net
Donesa Walker, Membership Chair, (318) 797-8523, donesa.w@gmail.com

ITEM 21
FINANCIAL STATEMENTS

Attached to the Disclosure Document as Exhibit A are our audited financial statements as of September 30, ~~2014~~2015, September 30, ~~2015~~2016 and September 30, 2017~~2016~~.

~~Attached as Exhibit A-1 are our unaudited financial statements for the period October 1, 2016 through November 30, 2016. These financial statements are prepared without an audit.~~

~~Prospective franchisees or sellers of franchises should be advised that no certified public accountant had audited these figures or expressed his/her opinion with regard to the content or form.~~

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B	Franchise Agreement:		
	Attachment I	Addendum to Franchise Agreement	
	Attachment II	~~Electronic Payment Authorization~~Satellite Location Addendum to Franchise Agreement	
	Attachment III	Electronic Payment Authorization	
	Attachment IV	Collateral Assignment of Telephone Numbers, Addresses, and Listings	
	Attachment ~~IV~~V	Statement of Ownership	
	Attachment ~~V~~VI	Guaranty and Assumption of Franchisee's Obligations	
	Attachment ~~VI~~VII	Addendum Consent to Transfer for SBA	
	Attachment ~~VII~~VIII	New Franchise Disclosure Questionnaire	
	Attachment ~~VIII~~IX	Confidentiality and Covenant Not to Compete Agreement	
	Attachment ~~IX~~X	Lease Rider	
	Attachment ~~X~~XI	SBA Addendum	
Exhibit C	Area Development Agreement:		
	Schedule A	Development Schedule and Territory	
	Schedule B	Guaranty	
Exhibit G	General Release		

ITEM 23
RECEIPT

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

EXHIBIT A

LearningRx

Franchise Corporation

LEARNINGRX FRANCHISE CORPORATION

FINANCIAL STATEMENTS

LEARNINGRX FRANCHISE CORPORATION

FINANCIAL REPORT

SEPTEMBER 30, 2017

LEARNINGRX FRANCHISE CORPORATION

CONTENTS

Kharyn L. Cover, CPA, PC

Independent Auditor's Report

To the Board of Directors and Stockholders
LearningRx Franchise Corporation

I have audited the accompanying financial statements of LearningRx Franchise Corporation, which comprises the balance sheets as of September 30, 2017 and 2016, and the related statements of changes in retained earnings and cash flows for the years 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
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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 evaluation the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LearningRx Franchise Corporation. as of September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kharyn Cover, CPA, PC

December 6, 2017
Albuquerque, New Mexico

9636 Villa Del Rey, N.E., Albuquerque, NM 87111
Tel. 797-0995 • Fax 797-0968 • E-mail: kharyn@ix.netcom.com

LEARNINGRX FRANCHISE CORPORATION
BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 296,073	392,612
Accounts receivable, franchise fees, royalties, and product sales, net of allowance for uncollectible accounts of $-0- for 2017 and 2016	348,246	319,042
Deferred income tax asset (Note 3)	215,000	204,000
Total current assets	859,319	915,654
PROPERTY AND EQUIPMENT		
Equipment and software, net of accumulated depreciation of $481 and $-0- for 2017 and 2016, respectively	1,926	-
Total assets	$ 861,245	915,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 34,740	54,484
Liability for marketing and development	127,102	148,057
Total current liabilities	161,842	202,541
STOCKHOLDERS' EQUITY		
Common stock, no par value; authorized 1,000 shares; 1,000 shares outstanding	50,000	50,000
Retained earnings	649,403	663,113
Total stockholders' equity	699,403	713,113
Total liabilities and stockholders' equity	$ 861,245	915,654

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF INCOME
For the Years Ended September 30, 2017 and 2016

	2017	**2016**
INCOME		
Royalty fees	$ 1,693,243	1,842,443
Initial franchise fees	17,000	117,900
Technology and training fees	178,405	184,215
Transfer fees	77,000	56,500
Renewal fees	7,000	-
Materials fees, net of costs of sales of $5,400 and $104,745for 2017 and 2016, respectively	50	(23,051)
Interest and other income	278	971
	1,972,976	2,178,978
EXPENSES		
Bad debts	13,504	51,439
Depreciation	481	-
Franchise system expenses	709,206	863,934
Insurance	15,306	-
Licensing fees (Note 2)	114,516	203,824
Outside consultants	96,699	138,580
Other expenses	-	25
Overhead (Note 2)	90,000	135,000
Professional fees	45,311	296,916
Rent (Note 2)	150,000	195,000
Research and development	83,250	246,322
Settlement fees (Note 4)	-	200,000
Marketing and development	408,164	431,184
Technology	271,249	252,546
	1,997,686	3,014,770
Net income (loss) before income taxes	(24,710)	(835,792)
Income tax expense (benefit) (Note 3)	(11,000)	(155,000)
Net income (loss)	$ (13,710)	(680,792)

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CHANGES IN RETAINED EARNINGS
For the Years Ended September 30, 2017 and 2016

	2017	**2016**
Retained earnings, beginning of the year	$ 663,113	1,343,905
Net income (loss)	(13,710)	(680,792)
Retained earnings, end of the year	$ 649,403	663,113

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (13,710)	(626,792)
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation expense	481	-
(Increase) decrease in accounts receivable	(29,204)	30,218
(Increase) decrease in prepaid income taxes	-	9,740
Increase (decrease) in accounts payable	(19,744)	(34,048)
Increase (decrease) in liability for marketing and development	(20,955)	(31,585)
Increase (decrease) in income tax assets	(11,000)	(209,000)
Cash flows provided by (applied to) operating activities	(94,132)	(861,467)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,407)	-
Net increase (decrease) in cash	(96,539)	(861,467)
Cash, beginning of the year	392,612	1,254,079
Cash, end of the year	$ 296,073	392,612
Cash paid for income taxes during the year	$ -	-
Cash paid for interest during the year	$ -	-

The Notes to Financial Statements are an integral part of these statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

LearningRx Franchise Corporation (Corporation) is a Colorado corporation, incorporated in January 2003. It is a wholly owned subsidiary of LearningRx, Inc (Parent). The Corporation was formed to market and sell LearningRx Training Centers. Significant accounting policies are as follows:

Revenue Recognition. The initial franchise fee is determined based on the size of the population of the territory of the franchisee, and is payable upon signing the Franchise Agreement. Initial franchise fee revenue is recognized when substantially all material services required by the franchise agreement have been performed. Substantial performance generally occurs when the franchisee begins operations, or earlier if substantially all material services required by the franchise agreement have been performed. Area development fees are recognized at the signing of the development agreement and represents payment for the right to hold a territory for later opening a franchise center. Royalty fees are paid monthly by franchisees based on 10% of their prior month's sales. Educational materials are sold to franchisees, and are reported as sales revenue at the time of sale.

Marketing development fees have been paid monthly by franchisees based on 2.5% of their prior month's sales. Marketing development fees are not reported as revenue, but reported as liability for marketing and development. As marketing and development costs are incurred, the liability is reduced.

Property and Equipment. Property and equipment is recorded at cost. Depreciation is calculated using an accelerated method over the estimated useful lives of the assets. Betterments and renewals are capitalized. Assets are capitalized when the value exceeds $500. Maintenance and repairs are charged to operations when incurred.

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

The Corporation adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. The Corporation has no unrecognized tax benefit which would require an adjustment to the October 1, 2016 beginning balance of net assets and had no unrecognized tax benefits at September 30, 2017. The Corporation files U.S. Corporate Income Tax Return in the U.S. federal jurisdiction. The Corporation is no longer subject to income tax examinations by taxing authorities for years beginning before 2013 for its federal filings.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. The preparation of financial statements in conformity with generally accepted in the United States of America accounting principles 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. Actual results could differ from those estimates.

Advertising. The Corporation uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

NOTE 2. RELATED PARTY TRANSACTIONS

The Corporation has entered into a License Agreement with The Ken Gibson Family Limited Partnership (Partnership), the sole owner of the Corporation's parent company. The agreement grants the Corporation a non-exclusive, non-revocable, right and license to produce, market and sublicense technology and materials related to LearningRx Training Centers. The Corporation pays the Partnership 10% of its monthly net sales. During the years ended September 30, 2017 and 2016, the Corporation reported $114,516 and $203,824, respectively, in licensing fees to the Partnership.

The Corporation has entered into a Consulting Agreement with Ken Gibson Consulting, L.C. (Consultant) to provide business management services. During the years ended September 31, 2017 and 2016, the Corporation paid the Consultant 5% of its monthly net sales. During the years ended September 30, 2017 and 2016, the Corporation reported $81,797 and $115,330, respectively, in consulting fees to the Consultant.

The Corporation has entered into a Consulting Agreement with LearningRx, Inc. (Parent) to provide marketing, sales, information technology, and other business services. The Corporation reimbursed the Parent corporation for certain charges and costs incurred on its behalf. The following is a schedule of the amounts paid to the Parent company during the years ended September 30, 2017 and 2016:

	2017	**2016**
Labor reimbursements	$ 1,020,000	1,138,900
Materials	5,400	103,984
Rent	150,000	195,000
Marketing and development costs	418,800	405,800
Tech services	48,000	33,000
Overhead	90,000	135,000
Miscellaneous	419	-
Marketing income	(5,149)	(72)
	$ 1,727,470	2,011,612

NOTE 3. INCOME TAXES

Current taxes are computed using the cash basis of accounting. Current taxable net income (loss) is $(70,427) and $(790,219) for the years ended September 30, 2017 and 2016, respectively. As of September 30, 2017, the Corporation is reporting net operating losses (NOL) to be carried to future years of $1,402,791 for federal, and $1,429,074 for states. As of September 30, 2016, the Corporation is reporting NOLs to be carried to future years of $1,332,364 for federal, and $1,358,647 for states. Deferred income taxes represent the future tax benefit to be reported using the accrual basis of accounting and the difference in methods of depreciation, in addition to NOL carry forwards. The provision for income taxes consists of the following components:

		2017	2016
Current income taxes	$	-	-
Deferred taxes		(11,000)	(155,000)
	$	(11,000)	(155,000)

NOTE 4. SETTLEMENT FEES (2016)

The Federal Trade Commission ("FTC") Action alleged certain unsubstantiated claims were made about the benefits of the LearningRx brain training programs. LearningRx vigorously disputes the FTC's allegations. Nevertheless, to avoid the time, expense, and uncertainty of litigation, it was determined to be in the best interest of LearningRx Franchise Corp. and the LearningRx franchise system to settle its differences with the FTC. Therefore, the Corporation entered into a Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief Against Defendants LearningRx Franchise Corp. and Ken Gibson, which became effective on May 24, 2016 ("**Settlement Agreement**"). In its principal parts, the Settlement Agreement required: (1) randomized controlled trials, or RCTs, to support cognitive training-related claims of improved performance at work or in athletics; delay of or protection against age-related decline in memory or other cognitive function; and reduction in cognitive impairment or improvement in cognitive function of individuals with health conditions, including attention deficit hyperactivity disorder (ADHD), autism, traumatic brain injury (TBI), or stroke; (2) competent and reliable scientific evidence for all other claims of performance, benefits, or efficacy associated with cognitive training; (3) accurate representation of the existence, contents, validity, results, conclusions, or interpretations of tests, studies, or research, including that the benefits of cognitive training are scientifically proven; and (4) a settlement payment of $200,000, upon which the remainder of the monetary judgment entered in the Action ($4,000,000) will be suspended. The Settlement Agreement also contains standard compliance reporting and recordkeeping requirements.

NOTE 5. SUBSEQUENT EVENTS

The Corporation evaluated subsequent events after the balance sheet date of September 30, 2017 through December 6, 2017, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

LEARNINGRX FRANCHISE CORPORATION

FINANCIAL REPORT

SEPTEMBER 30, 2016

LEARNINGRX FRANCHISE CORPORATION

CONTENTS

Kharyn L. Cover, CPA

Independent Auditor's Report

To the Board of Directors and Stockholders
LearningRx Franchise Corporation

I have audited the accompanying financial statements of LearningRx Franchise Corporation, which comprises the balance sheets as of September 30, 2016 and 2015, and the related statements of changes in retained earnings and cash flows for the years then ended and the related notes to the financial statements.

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Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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 evaluation the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LearningRx Franchise Corporation. as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kharyn Cover, CPA, PC

December 16, 2016
Albuquerque, New Mexico

9636 Villa Del Rey, N.E., Albuquerque, NM 87111
Tel. 797-0995 ∘ Fax 797-0968 ∘ E-mail: kharyn@ix.netcom.com

LEARNINGRX FRANCHISE CORPORATION
BALANCE SHEETS
September 30, 2016 and 2015

		2016	2015
ASSETS			
CURRENT ASSETS			
Cash	$	392,612	1,254,079
Accounts receivable, franchise fees, royalties, and product sales, net of allowance for uncollectible accounts of $-0- for 2016 and 2015		319,042	349,260
Prepaid income taxes		-	9,740
Deferred income tax asset (Note 3)		204,000	49,000
Total current assets	$	915,654	1,662,079

LIABILITIES AND STOCKHOLDERS' EQUITY

		2016	2015
CURRENT LIABILITIES			
Accounts payable	$	54,484	88,532
Liability for marketing and development		148,057	179,642
Current income tax liability (Note 3)		-	-
Deferred income tax liability (Note 3)		-	-
Total current liabilities		202,541	268,174
STOCKHOLDERS' EQUITY			
Common stock, no par value; authorized 1,000 shares; 1,000 shares outstanding		50,000	50,000
Retained earnings		663,113	1,343,905
Total stockholders' equity		713,113	1,393,905
Total liabilities and stockholders' equity	$	915,654	1,662,079

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF INCOME
For the Years Ended September 30, 2016 and 2015

	2016	**2015**
INCOME		
Royalty fees	$ 1,842,443	2,252,698
Initial franchise fees	117,900	18,000
Technology and training fees	184,215	204,560
Transfer fees	56,500	39,000
Materials fees, net of costs of sales of $104,745 and $340,021 for 2016 and 2015, respectively	(23,051)	(8,551)
Interest and other income	971	2,024
	2,178,978	2,507,731
EXPENSES		
Bad debts	51,439	5,612
Franchise system expenses	863,934	1,239,477
Insurance	-	10,015
Licensing fees (Note 2)	203,824	292,657
Outside consultants	138,580	204,998
Other expenses	25	525
Overhead (Note 2)	135,000	105,000
Professional fees	296,916	194,106
Rent (Note 2)	195,000	210,000
Research and development	246,322	-
Settlement fees (Note 4)	200,000	-
Marketing and development	431,184	391,401
Technology	252,546	213,518
	3,014,770	2,867,309
Net income (loss) before income taxes	(835,792)	(359,578)
Income tax expense (benefit) (Note 3)	(155,000)	(66,684)
Net income (loss)	$ (680,792)	(292,894)

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CHANGES IN RETAINED EARNINGS
For the Years Ended September 30, 2016 and 2015

	2016	**2015**
Retained earnings, beginning of the year	$ 1,343,905	1,636,799
Net income (loss)	(680,792)	(292,894)
Retained earnings, end of the year	$ 663,113	1,343,905

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015

		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$	(626,792)	(292,894)
Adjustment to reconcile net income to net cash provided by operating activities:			
(Increase) decrease in accounts receivable		30,218	5,823
(Increase) decrease in prepaid income taxes		9,740	283,025
(Increase) decrease in deferred tax assets/liabilities			(136,000)
Increase (decrease) in accounts payable		(34,048)	(19,366)
Increase (decrease) in liability for marketing and development		(31,585)	(194,992)
Increase (decrease) in income tax liabilities		(209,000)	(136,000)
Cash flows provided by (applied to) operating activities		(861,467)	(354,404)
Cash, beginning of the year		1,254,079	1,608,483
Cash, end of the year	$	392,612	1,254,079
Cash paid for income taxes during the year	$	-	15,295
Cash paid for interest during the year	$	-	-

The Notes to Financial Statements are an integral part of these statements.

LEARNINGRX FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

LearningRx Franchise Corporation (Corporation) is a Colorado corporation, incorporated in January 2003. It is a wholly owned subsidiary of LearningRx, Inc (Parent). The Corporation was formed to market and sell LearningRx Training Centers. Significant accounting policies are as follows:

Revenue Recognition. The initial franchise fee is determined based on the size of the population of the territory of the franchisee, and is payable upon signing the Franchise Agreement. Initial franchise fee revenue is recognized when substantially all material services required by the franchise agreement have been performed. Substantial performance generally occurs when the franchisee begins operations, or earlier if substantially all material services required by the franchise agreement have been performed. Area development fees are recognized at the signing of the development agreement and represents payment for the right to hold a territory for later opening a franchise center. Royalty fees are paid monthly by franchisees based on 10% of their prior month's sales. Educational materials are sold to franchisees, and are reported as sales revenue at the time of sale.

Marketing development fees have been paid monthly by franchisees based on 2.5% of their prior month's sales. Marketing development fees are not reported as revenue, but reported as liability for marketing and development. As marketing and development costs are incurred, the liability is reduced.

Property and Equipment. Property and equipment is recorded at cost. Depreciation is calculated using an accelerated method over the estimated useful lives of the assets. Betterments and renewals are capitalized. Assets are capitalized when the value exceeds $500. Maintenance and repairs are charged to operations when incurred.

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

The Corporation adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. The Corporation has no unrecognized tax benefit which would require an adjustment to the October 1, 2015 beginning balance of net assets and had no unrecognized tax benefits at September 30, 2016. The Corporation files U.S. Corporate Income Tax Return in the U.S. federal jurisdiction. The Corporation is no longer subject to income tax examinations by taxing authorities for years beginning before 2012 for its federal filings.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. The preparation of financial statements in conformity with generally accepted in the United States of America accounting principles 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. Actual results could differ from those estimates.

Advertising. The Corporation uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

NOTE 2. RELATED PARTY TRANSACTIONS

The Corporation has entered into a License Agreement with The Ken Gibson Family Limited Partnership (Partnership), the sole owner of the Corporation's parent company. The agreement grants the Corporation a non-exclusive, non-revocable, right and license to produce, market and sublicense technology and materials related to LearningRx Training Centers. The Corporation pays the Partnership 10% of its monthly net sales. During the years ended September 30, 2016 and 2015, the Corporation reported $203,824 and $292,657, respectively, in licensing fees to the Partnership.

The Corporation has entered into a Consulting Agreement with Ken Gibson Consulting, L.C. (Consultant) to provide business management services. During the years ended September 31, 2016 and 2015, the Corporation paid the Consultant 5% of its monthly net sales. During the years ended September 30, 2016 and 2015, the Corporation reported $115,330 and $146,329, respectively, in consulting fees to the Consultant.

The Corporation has entered into a Consulting Agreement with LearningRx, Inc. (Parent) to provide marketing, sales, information technology, and other business services. The Corporation reimbursed the Parent corporation for certain charges and costs incurred on its behalf. The following is a schedule of the amounts paid to the Parent company during the years ended September 30, 2016 and 2015:

	2016	2015
Labor reimbursements	$ 1,138,900	1,386,000
Materials	103,984	340,021
Rent	195,000	210,000
Marketing and development costs	405,800	300,218
Tech services	33,000	189,000
Outside services	-	30,000
Overhead	135,000	105,000
Miscellaneous	-	1,300
Marketing income	(72)	(3,034)
	$ 2,011,612	2,558,505

NOTE 3. INCOME TAXES

Current taxes are computed using the cash basis of accounting. Current taxable net income (loss) is $((790,219)) and $(343,465) for the years ended September 30, 2016 and 2015, respectively. As of September 30, 2016, the Corporation is reporting net operating losses (NOL) to be carried to future years of $1,288,005 for federal, and $1,311,457 for states. As of September 30, 2015, the Corporation is reporting NOLs to be carried to future years of $497,786 for federal, and $521,238 for states. Deferred income taxes represent the future tax benefit to be reported using the accrual basis of accounting and the difference in methods of depreciation, in addition to NOL carry forwards. The provision for income taxes consists of the following components:

		2016	2015
Current income taxes	$	-	-
Deferred taxes		(155,000)	(66,684)
	$	(155,000)	(66,684)

NOTE 4. SETTLEMENT FEES

The Federal Trade Commission ("FTC") Action alleges certain unsubstantiated claims were made about the benefits of the LearningRx brain training programs. LearningRx vigorously disputes the FTC's allegations. Nevertheless, to avoid the time, expense, and uncertainty of litigation, it was determined to be in the best interest of LearningRx Franchise Corp. and the LearningRx franchise system to settle its differences with the FTC. Therefore, the Corporation entered into a Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief Against Defendants LearningRx Franchise Corp. and Ken Gibson, which became effective on May 24, 2016 ("**Settlement Agreement**"). In its principal parts, the Settlement Agreement requires: (1) randomized controlled trials, or RCTs, to support cognitive training-related claims of improved performance at work or in athletics; delay of or protection against age-related decline in memory or other cognitive function; and reduction in cognitive impairment or improvement in cognitive function of individuals with health conditions, including attention deficit hyperactivity disorder (ADHD), autism, traumatic brain injury (TBI), or stroke; (2) competent and reliable scientific evidence for all other claims of performance, benefits, or efficacy associated with cognitive training; (3) accurate representation of the existence, contents, validity, results, conclusions, or interpretations of tests, studies, or research, including that the benefits of cognitive training are scientifically proven; and (4) a settlement payment of $200,000, upon which the remainder of the monetary judgment entered in the Action ($4,000,000) will be suspended. The Settlement Agreement also contains standard compliance reporting and recordkeeping requirements.

LEARNINGRX FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5. SUBSEQUENT EVENTS

The Corporation evaluated subsequent events after the balance sheet date of September 30, 2016 through December 16, 2016, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

EXHIBIT B

LEARNINGRX FRANCHISE CORPORATION

FRANCHISE AGREEMENT

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ATTACHMENTS

FRANCHISE AGREEMENT

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

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

1. DEFINITIONS

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

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

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

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

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

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

1.07 "**Manual**" means Franchisor's operations manual and other written materials, including information posted on Franchisor's Web site and information sent to or accessed by Franchisee in print or electronic form, manuals, written procedures, memoranda and their supplements loaned to Franchisee by Franchisor.

1.08 "**Marketing Development Fund**" means the separate bank account used by Franchisor for the purposes specified in this Franchise Agreement. The Marketing Development Fund is not a trust or escrow account, and is managed by Franchisor in its sole discretion for the benefit of the Franchisees.

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

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

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

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

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

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

1.15 "**Marks**" means Franchisor's trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with Franchisor, the System or the franchised Business, whether or not they are registered, including, but not limited to, "LearningRx," "ThinkRx," "ReadRx," "LiftOff," "MathRx," "ComprehendRx", "BrainSkills" and "LearningRx."

2. GRANT OF FRANCHISE

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

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

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

3. TERM AND RENEWALS

3.01 Term of Agreement. This Agreement begins on the date executed by both parties, and will continue for a period of ~~ten (10~~five (5) years, unless earlier terminated as provided under this Agreement.

3.02 Rights Upon Expiration. At the end of the term of this Agreement, Franchisee may request a renewal term ("**Renewal Term**") for one successive period of ~~ten (10~~five (5) years, provided Franchisor does not exercise its rights of refusal as set forth in Section 3.3 below.

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

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

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

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

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

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

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

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

4. TERRITORY

4.01 Location. Franchisee may operate the franchised Business only at the Premises as designated in **Attachment I** to this Agreement. Franchisee may not relocate the Premises without Franchisor's prior written approval, which may be withheld for any reason.

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

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

4.04 Minimum Annual Revenue Quota. In order to maintain the Territory, Franchisee must maintain a Minimum Annual Revenue Quota, starting six months after opening in the amount of $50,000 for every 100,000 people (or pro-rated portion of 100,000) in the Territory for the first 12 months, $75,000 for every 100,000 people (or pro-rated portion of 100,000) in the Territory for the second 12 months and $100,000 for every 100,000 people (or pro-rated portion of 100,000) in the Territory for any 12 month period thereafter in the Territory. Franchisee's failure to maintain the Minimum Annual Revenue Quota may result in the reduction or elimination of the Franchisee's Territory or the termination of this Agreement, in Franchisor's sole discretion.

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

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

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

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

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

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

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

g) to permit PACE licensees and Clinical licensees to operate per a PACE license and/or Clinical license anywhere, including inside the Territory.

5. FEES AND ROYALTIES

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

5.02 Initial Franchise Fee. Franchisee must pay an initial franchise fee ("**Initial Franchise Fee**") upon the signing of this Agreement as set forth in Attachment I. The Initial Franchise Fee is calculated based on the number of people residing in Franchisee's Territory. Franchisee must pay an Initial Franchise Fee of $~~15~~20,000 for a Micro Franchise~~, $25,000 for a Rural Franchise~~ and $35,000 for a Standard Franchise. The Initial Franchise Fee is fully earned upon signing this Agreement, and is non-refundable under any circumstances.

5.03 Initial Marketing Fee. Franchisee must also pay an Initial Sales and Marketing Fee for an opening campaign for media, print, marketing materials and products, and brand management ("**Initial Marketing Fee**") of between $~~12~~20,000 and $33,000 (depending on the size of the Territory) and as set forth in **Attachment I** upon the signing of this Agreement. Franchisor reserves the right to transfer up to $3,000 of these funds into a specific brand management fund, which Franchisor may use in any way to maintain or enhance the brand, including resolving any outstanding customer or training issues when a Center is closed. Franchisee will have approval of the placement of advertising with the spending of the funds. This fee can be applied to the minimum advertising requirement of 5% of Gross Revenues or $4,000 per month, whichever is greater, for the first four months that your Center is open and operating. The Initial Marketing Fee is fully earned upon signing this Agreement and is non-refundable under any circumstances.

5.04 Royalties. Franchisee must pay to Franchisor a monthly royalty in the amount of the greater of either (i) ten percent (10%) of Gross Revenues for the preceding calendar month, or (ii) the "Minimum Monthly Royalty" of $500 for Micro Franchises and $1,000 for Standard Franchises. The royalty payment is due to Franchisor, without notice from Franchisor, on the 10th day of each month. Royalties must be reported in a form specified by Franchisor.

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

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

5.07 Initial Training and Material Fee. Franchisee must pay an initial training and material fee ("**Initial Training** and **Material Fee**") of $10,000 upon the signing of this Agreement as set forth in Attachment I. The Initial Training and Material Fee is fully earned upon payment, and is non-refundable under any circumstances.

5.08 Initial Inventory Fee. Franchisee must purchase an initial inventory of the student kits and/or workbooks. Each student will need one or more kits and/or workbooks. Franchisee must also purchase trainer kits for each trainer in the Center ("**Products**" currently offered). These kits and/or workbooks must be purchased from Franchisor at an approximate cost of $3,000 to $5,000, depending on the size of the Territory.

5.09 Technology Fee. Franchisee must pay Franchisor a Technology fee ranging from $1,800 to $2,400 per year (depending on the size of Franchisee's territory). A quarter of this fee is due on the 1st day of each quarter for the prior quarter of this agreement. Franchisor reserves the right to adjust this fee in Franchisor's sole discretion upon reasonable notice to Franchisee.

6. MARKS

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

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

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

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

a) as part of any entity or business name;

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

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

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

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

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

6.06 Marks in Advertising. Subject to Section 9.3, Franchisee must obtain Franchisor's prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless supplied by Franchisor. Franchisee must indicate that it is "independently owned and operated."

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

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

6.09 Signage. As specified by Franchisor, Franchisee must display signage bearing the Marks and identifying the Premises as a Center, and signage indicating that the Business is independently owned and operated as a franchised Business. All signage must remain current with the System's standards as Franchisor may modify periodically.

7. MANUAL AND CONFIDENTIAL INFORMATION

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

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

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

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

d) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement, and follow Franchisor's security procedures, which include the execution of approved nondisclosure agreements, and intranet, extranet and Internet usage agreements when developed by Franchisor, by Franchisee and any employee or agent who is allowed access.

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

7.03 Unauthorized Use. Franchisee must not copy or otherwise reproduce any Confidential Information, and must establish procedures to prevent unauthorized use by any other person. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. You must promptly report any unauthorized use of the Manual or other Confidential Information.

7.04 Manual. Franchisor will loan to Franchisee during the term of the franchise one (1) copy of Franchisor's confidential operating Manual, which may be in print, on an access code-protected company intranet or extranet, or through other media. Franchisor reserves the right to require Franchisee to use the Manual in only an electronic format. The Manual will at all times remain the property of Franchisor, and Franchisee must immediately return the Manual to Franchisor upon expiration, termination, or Transfer of this Agreement. Franchisee will be required to pay the shipping costs to return the Manual to Franchisor. Franchisor may periodically update and revise the Manual. Franchisee acknowledges that its entire knowledge of the operation of the Business (other than information which is not Confidential Information) is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of such information is proprietary, confidential and a Trade Secret of Franchisor. Franchisee shall maintain the absolute confidentiality of all such Trade Secrets during and after the term of this Agreement, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee is bound by the standards for maintaining the privacy of the Manual in the same manner as all other Confidential Information set forth above.

7.05 Confidentiality and Covenant Not to Compete Agreements.

a) If the Franchisee is an entity, then the following individuals must sign Franchisor's standard CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT (Attachment ~~VIII~~IX) before performing any work at the Business or otherwise having access to Franchisor's Confidential Information: each Member, shareholder, officer, director and partner of the entity, each spouse of such Member, shareholder, officer, director and partner, every manager of the Franchisee or Area Developer, each Guarantor of the Franchisee, the spouse of each Guarantor, and each employee having access to the Franchisor's confidential information.

b) If the Franchisee is not an entity, then the following individuals must sign Franchisor's standard CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT (Attachment ~~VIII~~IX) before performing any work at the Business or otherwise having access to Franchisor's Confidential Information: the spouse of the Franchisee, every manager of the Franchisee, each Guarantor of the Franchisee, the spouse of each Guarantor, and each employee having access to the Franchisor's confidential information. A copy of all such signed agreements shall be delivered to Franchisor within one week of their execution.

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

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

8. FRANCHISOR'S DUTIES

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

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

8.03 Equipment, Inventory, Advertising and Services. Franchisor will specify or approve certain equipment, inventory, and supplies used in the Business, as provided elsewhere in this Agreement. Franchisor may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so, and may utilize such allowances or rebates in any manner in which Franchisor elects, in its sole discretion.

8.04 Initial Training. Franchisor will provide initial and ongoing training and assistance, as Franchisor may reasonably determine to be appropriate, within sixty (60) days of signing this Agreement. Franchisor will provide the initial training program at its corporate headquarters, or at another location designated by Franchisor, to Franchisee, a designated Manager and up to two (2) additional employees. Franchisee and a designated manager must attend and satisfactorily complete the full initial training program. The training program lasts for approximately sixty (60) hours over a period of approximately ten (10) days and consists of a discussion of the System, techniques, procedures, and methods of operation, hiring employees, customer service, ordering, sales, procedures, accounting, support procedures and instructions on quality standards and practical experience in the operation of the Center. Initial training will include two (2) to four (4) days of staff training and assistance at the Premises~~.~~ (varies based on the size of the franchise). Franchisee is responsible for personal travel, accommodation, and other costs of its employees while attending training.

8.05 Ongoing Training. Franchisee is required to have at least one person per Center owned and operated by Franchisee attend annual conferences to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Franchisee will ~~not~~ be required to pay a conference fee~~, but~~ of $250 per person, and, in addition, Franchisee must pay all ~~personal~~of the travel and living expenses for it and all of its employees attending the conference. However, no conference fee will be assessed for a Center for its one required attendee if Franchisee is on the Franchisee Advisory Board or Franchisee or Center Director has been involved and attended 75% of performance group meetings pursuant to the Performance Group Membership Agreement. Conferences will be held at Franchisor's corporate headquarters or at an alternate location chosen by Franchisor. Franchisee must meet the minimal performance standards, and obtain and maintain certain certifications, as more fully set forth in the Manual. Franchisor, at its sole discretion, may require Franchisee and its employees to attend additional training if Franchisee fails to maintain the minimal performance standards or obtain and maintain the certifications required in the Manual. Specifically, Franchisor will require Franchisee to participate in sales training if Franchisee's assessment to student rates falls below 40%. The assessment to student rate is determine based on what percentage of potential students assessed at Franchisee's Center actually become students of that Center. If Franchisee is required to participate in sales training, it will be required to take a minimum of four 90-minute session, over a minimum of three months, until its assessment to student rate reaches at least 40%. Directors who are new due to the transfer of the Center, must participate in sales training for a minimum of four 90-minute sessions over a minimum of three months, until its assessment to student rate reaches at least 40%. Franchisee will be required to pay Franchisor $75 for each 90-minute session of sales training. Franchisor will also provide marketing coaching which will be mandatory for Franchisee if: (i) Franchisee has a Gross Revenue of less than $360,000 for Standard Franchises or $180,000 for Micro Franchises for the previous 12-month period, and (ii) Franchisee fails to meet its minimum marketing requirements for each of the past 12 months. If Franchisee is required to participate in marketing coaching, it must take a minimum of four 90-minute session and pay Franchisor $75 per 90-minute session.

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

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

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

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

8.10 Central Purchasing. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

8.11 Web Site. Franchisor will provide information regarding Franchisee's Business on its Web site, as set forth in Section 9.02.

9. SOLICITATION AND ADVERTISING

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

9.02 Marketing Development Fund. Franchisee must pay a fee into the Marketing Development Fund to develop marketing for the System. Franchisee will pay a Marketing Development Fund contribution equal to the greater of either (i) two and one-half percent (2.5%) per month of Franchisee's Gross Revenue ~~(~~, or, the "Minimum MDF Royalty" of $125 for Micro Franchises and $250 for Standard Franchises, up to a maximum of $15,000 per calendar year per Center~~)~~,, at the same time and in the same manner as the Royalty Fee. Company and Affiliate owned Centers will contribute to the Fund on the same basis as Franchisees. Franchisor will hold the Marketing Development Fund contributions in a separate bank account. Franchisor will use the Marketing Development Fund for ~~the~~ development expenses such as the creation of marketing and sales tools. Development and maintenance of ~~any~~websites and Internet ~~or e-commerce programs,~~marketing, Pay-Per-Click campaigns centers can opt into, social media campaigns, media production, public relations, research related expenses, ~~and any media or~~ agency costs~~, or attendance at trade shows~~ and other costs for resources or tools for developing marketing for use by centers. Franchisee acknowledges and agrees that expenditures from the Marketing Development Fund may or may not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Development Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Marketing Development Fund. Franchisor agrees to operate the Marketing Development Fund for the benefit of the franchisees. Franchisor may accumulate these funds, and the balance may be carried over to subsequent years and used for the purposes stated in this Agreement. If the Marketing Development Fund operates at a deficit or requires additional funds at any time, Franchisor reserves the right to loan such funds to the Marketing Development Fund on such terms as determined by Franchisor, in Franchisor's sole discretion. Franchisor may also utilize the Marketing Development Fund to reimburse itself for administrative expenses incurred in administering the Marketing Development Fund. An unaudited annual financial statement of the Marketing Development Fund will be prepared within one hundred twenty (120) days of the close of Franchisor's fiscal year and will be available to Franchisee upon reasonable request.

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

9.03 Initial Advertising Marketing Fee. Franchisee is required to pay Franchisor an Initial Marketing Fee of between $~~22~~20,000 and $33,000, depending on the size of the Territory and as indicated in Attachment I for an initial sales and marketing opening campaign with Franchisors approved marketing consultant for media, print, and marketing materials and products, and brand management. Franchisor reserves the right to transfer up to $3,000 of these funds into a specific brand management fund, which may be used in Franchisors sole discretion, in any way to maintain or enhance the brand, including resolving any outstanding customer or training issues when a Center is closed. Franchisee will have approval of the spending placement of advertising with the funds.

9.04 Local Advertising. Franchisee is required to promote the franchise and advertise on a local basis. Franchisee will be required to spend the greater of $~~1,000 for a Micro Franchise, $~~2,000 for a ~~Rural~~Micro Franchise and $4,000 for a Standard Franchise or 5% of Gross Revenues per month on local advertising and promotion. Franchisee's entire Local Advertising minimum required amount must be paid to independent third parties. Franchisee's failure to spend the Local Advertising amount required may result in the reduction or elimination of the Franchisee's Territory or the termination of this Agreement, in Franchisor's sole discretion.

9.05 Local Internet Marketing Program. Franchisee must spend up to $2000 per year after the first full year of operation for local internet marketing activities such as web directories, reputation management and other local Internet marketing activities, initiated by and paid to Franchisor. This amount is in addition to any other advertising requirement.

9.06 Advertising Cooperatives. Franchisee may, but is not obligated to, join with one or more other Franchisees or company-owned Centers in the market area (defined as the immediate metropolitan area within a radius of 25 miles) to form a local cooperative which shall be established and administered by a majority vote of the franchisees in the region in which Franchisee operates its Center. Franchisor reserves the right to require Franchisee to join any advertising cooperative formed. The cooperative will not be required to operate from written governing documents. The local advertising cooperative, when formed, will also assume responsibility for Yellow Pages advertising in the metropolitan area in which the cooperative operates. In your first six months of operation you may be required to spend the greater of 3% of Gross Revenues or two-thirds (2/3) of the lowest amount paid by another center in the cooperative, but not more than $~~1,000 for Micro Franchise, $~~2,000 for ~~Rural~~Micro Franchise and $4,000 for Standard Franchise per month, toward the cooperative advertising. Beginning the seventh month of operations, you may be required to spend up to 3% of your Gross Revenues toward the cooperative advertising, but not more than, $~~1~~2,000 for Micro Franchise~~, $2,000 for Rural Franchise~~ and $4,000 for Standard Franchise per month, toward the cooperative advertising. The cooperative may impose this requirement on you even if you are not otherwise required to spend money on local advertising. All franchises, company and affiliate owned Center's in the cooperative will contribute to the fund at the same rates. We may accumulate contributions to the Advertising Cooperative, and the balance may be carried over to subsequent years. We may also loan funds to the cooperative Fund at such times and on such terms as we determine, in our discretion. No cooperative funds will be used to sell franchises. The advertising cooperative must prepare annual financial statements, which must be delivered to us and other Franchisees in the cooperative within 120 days after our fiscal year end.

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

10. CONSTRUCTION AND MAINTENANCE OF CENTER

10.01 Center Construction. Franchisee must construct or convert a building and equip the Center, at Franchisee's expense, in a good and workmanlike manner as reasonably specified by Franchisor. All construction or conversion work must be completed in accordance with the standards and specifications of Franchisor, and must conform with all applicable zoning and other requirements of local authorities. Construction or conversion must begin by the earlier of one (1) month from the date of execution of the Center's lease, or six (6) months from the date of this Agreement. Franchisor will approve or disapprove the plans within thirty (30) days of submission.

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

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

a) on termination of this Agreement for any reason, Franchisor or its designee will have the option for thirty (30) days to assume Franchisee's remaining lease obligations without accruing any liability regarding the lease prior to the effective date of any assignment; or Franchisor will have the right to execute a new lease for the remaining term on the same terms and conditions;
b) all notices of default to Franchisee under the lease must be sent contemporaneously to Franchisor;
c) in the event Franchisee defaults under the lease, Franchisor or its designee will have an opportunity, but not the obligation, to cure such default and to assume Franchisee's remaining obligations under the lease, but will not have any obligation to do so; and
d) a provision reserving to Franchisor the right, at Franchisor's sole and absolute election, to receive an assignment of the leasehold interest from Franchisee upon termination or expiration of the initial term or any renewal term, or any termination of Franchisee, and the right to reassign the lease without becoming liable on the lease and without further approval from the landlord or additional charge.

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

11. RECORDS AND REPORTS

11.01 Records. Franchisee must keep and transmit complete and accurate Business Records on a current basis relating to the Business in the form, time, and manner that Franchisor prescribes. Franchisee must provide Franchisor with all hard copies, and access to electronic reports, as reasonably prescribed. Franchisee must maintain an accounting system, which accurately reflects all operational aspects of the Center including uniform reports as may be required by Franchisor. Franchisee must submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research data on any operational aspect of the Center. Franchisor reserves the right to require that Franchisee make available its sales records and files by way of an Internet connection. Business Records will specifically also include:

a) tax returns;

b) daily reports;

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

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

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

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

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

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

12. FRANCHISEE'S DUTIES

12.01 Compliance with Applicable Laws. Franchisee agrees to (i) comply with all applicable laws, ordinances and regulations or rulings, or licensing requirements, of every nature whatsoever which in any way regulate or affect the operation of its Business and to the care and safety of children, (ii) comply with all applicable educational and professional licensing requirements, (iii) pay promptly all taxes and business expenses, unless Franchisee is legitimately disputing such matters and has adequately reserved therefor, and (iv) comply with all laws covering occupational hazards, accommodations for the disabled, including without limitation, the Americans with Disabilities Act, if applicable, health, workers' compensation insurance and unemployment insurance. If Franchisee does not obtain all required permits and licenses and other certifications necessary to operate the business, and have all required professional and licensed personnel required by law or the Manual to operate the Business, within six months after Franchisee's execution of this Agreement, Franchisor may terminate this Agreement without providing the Franchisee notice or the opportunity to cure the default. Franchisee agrees, at its expense, to modify its Center, if necessary, to comply with any such applicable laws or regulations. Franchisee shall not engage in any activity or practice that results, or may reasonably be anticipated to result, in any public criticism of the System or any part thereof. At the end of each year of the term of this Agreement, Franchisee must submit to Franchisor a certified statement listing and describing all performance-based lawsuits or potential claims threatened or actually filed against Franchisee, its owners, managers, employees or agents in connection with the operation of the Business, or if no such lawsuits or claims are threatened or filed during that year, a certified statement to that effect.

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

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

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

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

12.06 Restrictions on Services and Products. Franchisee is prohibited from offering or selling any services or products not authorized by Franchisor as being a part of the System. Except for clerical supplies, Franchisee shall purchase all products, equipment, services, supplies and materials required for the operation of the Business from suppliers designated or approved by Franchisor. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with or sale through the Business which are not previously approved by Franchisor as meeting its specifications, Franchisee shall first request approval in writing from Franchisor. Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, Franchisor may require submission of specifications, information or samples of such products, services, materials, forms, items or supplies. Franchisor shall not charge Franchisee for Franchisor's evaluation services. Franchisor will advise Franchisee within 30 days from the date of Franchisor's receipt of Franchisee's written request whether such products, services, materials, forms, items or supplies meet its specifications. If Franchisor does not approve Franchisee's request within such 30-day period, the request will be deemed denied. Approved product descriptions and supplier contact information are prescribed in the Manual. If there is no designated or approved supplier for particular items, Franchisee may purchase from suppliers who meet all of Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business, as determined by Franchisor in Franchisor's discretion.

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

12.08 Insurance. Franchisee must keep in force insurance policies as prescribed by Franchisor in the Manual by an insurance company acceptable to Franchisor at all times during the term of this Agreement and any renewals. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, products liability and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Manual and adjusted by Franchisor from time to time. Insurance policies must insure both Franchisee and Franchisor, its officers and directors, as additional named insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the Business. The policies must also stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor shall be furnished to Franchisor together with proof of payment within thirty (30) days of issuance thereof. In the event Franchisee fails to obtain the required insurance and keep the same in full force and effect, Franchisee shall pay Franchisor upon demand the premium cost thereof, which Franchisor shall then forward to the insurance carrier. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to the provisions of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

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

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

12.11 Training. Franchisee or its designated Manager must complete Franchisor's initial training program described in Section 8.04 above. Franchisee shall train its employees according to standards and procedures established by Franchisor.

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

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

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

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

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

13. DEFAULT AND TERMINATION

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

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

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

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

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

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

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

i. Franchisee misrepresented or omitted material facts which induced Franchisor to enter into this Agreement;

ii. Franchisee fails to complete the required initial training or has failed to designate an acceptable site pursuant to Section 10;

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

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

v. Franchisee contests the validity of, or Franchisor's ownership of, any of the Marks in any court or proceeding;

vi. Franchisee makes an unauthorized Transfer;

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

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

ix. The Franchisee, any owner of greater than twenty percent (20%) of the Franchisee entity, Manager, or employee is convicted of a felony, a crime involving moral turpitude, any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the LearningRx System, Marks, goodwill or reputation, or charged or convicted of any crime or misdemeanor involving children.

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

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

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

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

c) cancel or assign within five (5) business days all registrations relating to its use of any of the Marks, in Franchisor's sole and absolute discretion. Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of the Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to the Franchisor or any new franchisee as may be directed by the Franchisor. The Franchisee acknowledges as between the Franchisor and the Franchisee, the Franchisor has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the System. The Franchisee hereby irrevocably appoints the Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by **Attachment ~~III~~IV**;

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

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

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

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

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

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

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

14. TRANSFER

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

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

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

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

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

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

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

a) Franchisee is under no default in the performance or observance of any of its obligations under this Agreement or any other agreement with Franchisor at the time Franchisee requests permission to transfer the Business or at the time of the transfer;

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

c) the proposed transferee pays Franchisor a fee to transfer the Business ("**Transfer Fee**") which includes the initial training at franchisor's office, a local Internet marketing deposit, onsite training, advance consultation training, and legal fees in the amount of $9,000.00 unless the transferee is:

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

   ii. another franchisee of LearningRx, in which case the Transfer Fee will be $7,000.00;

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

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

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

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

h) if the proposed transfer is of a Micro Franchise, then $20,000 must be escrowed to be used for the proposed transferee in the same way the Initial Marketing Fee is used; if the proposed transfer is of a Standard Franchise, the $33,000 must be escrowed to be used for the proposed transferee in the same way the Initial Marketing Fee is used

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

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

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

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

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

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

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

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

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

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

15. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

16. DISPUTE RESOLUTION

16.01 Arbitration. Franchisor shall have the right, but not the obligation, to enforce this Agreement by the judicial process (and not by arbitration): (1) to protect any of its rights regarding any of its trademarks or to protect any of its intellectual property; (2) to protect any security interest; and (3) and to pursue any rights it may have under any leases, subleases, sales, promissory notes, purchases, security agreements, covenants not to compete or other agreements with Franchisee. Except as provided above, all controversies, disputes or claims between the Franchisor, its officers, directors, shareholders, sales people, Area Developers, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their respective capacity) and the Franchisee (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any Licensed Method, shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted in Denver, Colorado, and by one arbitrator chosen by the parties and experienced in franchise law. If the parties are unable to agree to the selection of an arbitrator within ten business days of the date of any written demand for arbitration made hereunder. The parties shall each select one arbitrator and the two selected arbitrators shall select a single arbitrator to hear the matter. The parties consent to the use of the services of Judicial Arbitration Group, Inc. or its successor or the American Arbitration Association to administer the arbitration. The arbitration shall be conducted in accordance with the then - current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator will have the right to award any proper relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs; provided, however, the Parties expressly agree that the arbitrator may not award any Party more than $50,000 in damages, including costs and attorneys' fees, and provided however, the arbitrator will not be empowered to award, nor will any party be entitled to receive, any damages or awards that are barred by the "**Limitation of Claims**" Section of this Agreement. The award and decision of the arbitrator will be conclusive and binding upon all parties and their respective owners, managers, employees, and agents. Judgment upon the award may be entered in any court of competent jurisdiction. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The arbitrator's decision will follow the plain meaning of this Agreement. The arbitrator will issue an award no later than ninety (90) days after the commencement of the arbitration hearing unless the parties agree otherwise. This dispute resolution clause shall survive the termination or expiration of this Agreement.

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

16.03 Injunctive Relief. Notwithstanding the above provision for arbitration, the Franchisor and the Franchisee will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Franchisee agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds in excess of a total of $500, but upon due notice, and the Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Franchisee.

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

17. RELATIONSHIP OF THE PARTIES

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

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

18. MISCELLANEOUS

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

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

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

18.04 Severability. If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed. All partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

18.05 Conflict with Local Law. If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as and to the extent that then applicable laws referred to in the addendum remain validly in effect.

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

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

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

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

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

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

18.12 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercise Reasonable Business Judgment in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

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

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

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

19. ACKNOWLEDGEMENT

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT:

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

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

19.03 FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, AND HAS RECEIVED A COPY OF THE COMPLETE LEARNINGRX FRANCHISE

AGREEMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT OR ANY PAYMENT WAS MADE TO FRANCHISOR.

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

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: ___________________________________

Dean Tenpas, President

FRANCHISEE: ____

By: ____

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

ATTACHMENT I
TO FRANCHISE AGREEMENT
ADDENDUM

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

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

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

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

4. **Initial Marketing Fee.** The Franchisee shall pay _________________ as an Initial Marketing Fee pursuant to Section 5.3 of the Agreement, for a Territory population of approximately _________________ people.

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

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

Fully executed ____.

LEARNINGRX FRANCHISE CORPORATION

By:____

Dean Tenpas, President

FRANCHISEE:

____

By:____

ATTACHMENT II
TO FRANCHISE AGREEMENT
SATELLITE LOCATION ADDENDUM FRANCHISE AGREEMENT

LEARNINGRX FRANCHISE AGREEMENT
SATELLITE ADDENDUM

This LearningRx Satellite Addendum ("**Addendum**") is entered into this _____day of________ _____________, 20___, by and between LearningRx Franchise Corporation, LLC, a Colorado corporation ("**Franchisor**"), and_________________________________, a_________________________ _______("**Franchisee**").

RECITALS

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

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

3. All capitalized terms used in this Addendum shall have the meaning as defined in the Franchise Agreement.

NOW, the parties agree as follows:

I. GRANT

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

II. **Term**. The term of this Addendum will begin on the date this Addendum is executed ("**Execution Date**") and, unless it is terminated earlier according to this Addendum, will expire at midnight on the 365th day after the Execution Date ("**Initial Term**").

III. **Satellite Location Fee**. Upon the signing of this Addendum, Franchisee must pay a Satellite Location fee of $5,000 ("**Satellite Location Fee**"). The Satellite Location Fee is fully earned upon signing this Addendum, and is non-refundable under any circumstances.

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

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

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

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

VII. **Royalty Fee**. The Gross Revenues for the Satellite Location shall be added to the Gross Revenues of Franchisee's Center to determine the Royalties owed to Franchisor each month. Therefore, Franchisee must pay to Franchisor one monthly royalty for both the Center granted to it under the Franchise Agreement and the Satellite Location granted to it under this Addendum, of the greater of either (i) ten percent (10%) of the combined Gross Revenues for its Center and its Satellite Location, or (ii) the Minimum Monthly Royalty, as defined in the Franchise Agreement.

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

IX. **Satellite Transition**. Franchisee agrees that if Franchisor licenses the right to own and operate a LearningRx Center to another franchisee, and grants to that franchisee a territory that encompasses Franchisee's Site, Franchisee must shut down its Satellite Location on or before the date that the new franchisee opens its LearningRx Training Center. Further, Franchisee must transfer all of Franchisee's customers to the new franchisee on or before the new franchisee is prepared to open its LearningRx Training Center. Together, these events will be referred to in the Addendum as Franchisee's "**Satellite Transition**." Franchisee will have no right to compensation in the event of a Satellite Transition, and will have no right to be reimbursed any portion of the Satellite Location Fee.

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

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

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: ____

Dean Tenpas, President

FRANCHISEE: ____

By: ____

Printed Name: ________________________________

ATTACHMENT III
TO FRANCHISE AGREEMENT

Authorization Agreement for Direct Deposits (ACH Debits)

I (we) hereby authorize LearningRx Franchise Corporation, hereinafter called COMPANY, to initiate debit entries to my (our) Checking account indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law. I understand that withdrawals will be made for royalty payments, advertising funds, and the purchase of materials.

BANK
NAME: ___________________________________ BRANCH: ______________________________

CITY: ___________________________________ STATE: ___________ ZIP CODE: __________

ROUTING NUMBER: ______________________ CHECKING ACCOUNT #: ________________

This authorization is to remain in full force and effect until COMPANY has received written notification from me of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

SIGNATURE: ____ DATE: ____________________

ATTACHMENT ~~III~~IV
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

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

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

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

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

ASSIGNEE	
LearningRx Franchise Corporation	**Franchisee:** ___________________
ASSIGNOR	
By: ________________________________ **Dean Tenpas, President**	By: ________________________________

ATTACHMENT ~~IV~~V
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee**:** ____________________

Trade Name (if different from above): ____

Form of Ownership
(Check One)

______ Individual ______ Partnership ______ Corporation ______ Limited Liability Company

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

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

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

____
____
____
____

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

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

Date: ____________________ ____________________________________

ATTACHMENT ~~V~~VI (a)
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION
OF OBLIGATIONS

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

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

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

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

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

<u>Guarantor(s)</u>:	**Percentage of Ownership of <u>Franchisee</u>**	
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)
______________________ (Signature)	________%	______________________ (Typed or Printed Name)

ATTACHMENT ~~V~~VI (b)
TO FRANCHISE AGREEMENT

SPOUSAL AND DOMESTIC PARTNER GUARANTY AND ASSUMPTION OF OBLIGATIONS

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

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

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

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

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

<u>Guarantor(s)</u>:

______________________________	______________________________
(Signature)	(Typed or Printed Name)
______________________________	______________________________
(Signature)	(Typed or Printed Name)
______________________________	______________________________
(Signature)	(Typed or Printed Name)
______________________________	______________________________
(Signature)	(Typed or Printed Name)
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(Signature)	(Typed or Printed Name)
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(Signature)	(Typed or Printed Name)
______________________________	______________________________
(Signature)	(Typed or Printed Name)
______________________________	______________________________
(Signature)	(Typed or Printed Name)

ATTACHMENT ~~VI~~VII
TO FRANCHISE AGREEMENT

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

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

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

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

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 14.4 of the Franchise Agreement.
- In the event of a disability or incompetency, the franchisee's representative will be able to transfer the franchise subject to the franchisor's consent which will not be unreasonably withheld.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

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

FRANCHISOR:	**FRANCHISEE:**
By: ____________________________	By:___________________________
Dean Tenpas, President	

ATTACHMENT ~~VII~~VIII
TO FRANCHISE AGREEMENT
New Franchisee Disclosure Questionnaire

As you know, you and LearningRx Franchise Corporation are preparing to enter into a Franchise Agreement for the operation of a LearningRx franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that LearningRx has not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims that may be made by you by reason of the Licensing and operation of your franchise. **This questionnaire cannot be signed and dated the same day as the Acknowledgment for the Franchise Disclosure Document.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No____	1.	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
Yes____ No____	2.	Have you received and personally reviewed the LearningRx Uniform Disclosure Document we provided you?
Yes____ No____	3.	Did you sign a receipt for the Disclosure Document indicating the date you received it?
Yes____ No____	4.	Do you understand all the information contained in both the Disclosure Document and Franchise Agreement?
Yes____ No____	5.	A) Have you reviewed both the Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?
Yes____ No____		B) Have you discussed the benefits and risks of operating a franchise with your professional advisor?
Yes____ No____		C) Did you discuss the benefits and risks of operating a franchise with an existing franchisee?
Yes____ No____		D) Do you understand the risks of operating a franchise?
Yes____ No____	6.	Do you understand that the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
Yes____ No____	7.	Do you understand that all disputes or claims arising out of or relating to the Franchise Agreement may be settled by arbitration in Colorado.
Yes____ No____	8.	Do you understand that at least one person whose name appears on the Franchise Agreement must satisfactorily complete the training course at headquarters before a center will be allowed to open or a transfer executed?
Yes____ No____	9	Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
Yes____ No____	10.	Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a franchise will generate that is not contained in the Disclosure Document or that is contrary to or different from the information contained in the Disclosure Document?
Yes____ No____	11.	Is it true that no employee or other person speaking on behalf of LearningRx made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No____ 12. Do you understand that the Franchise Agreement contains the entire agreement between you and LearningRx concerning the franchise license for the center, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

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

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

____ Dated: ____________________

By:

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

ATTACHMENT ~~VIII~~IX (a) to FRANCHISE AGREEMENT

CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT

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

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

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

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

Recitals

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

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

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

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

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

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

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

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

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

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

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

CONFIDENTIALITY AGREEMENT

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

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

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

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

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

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

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

COVENANTS NOT TO COMPETE

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

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

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

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

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

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

The term "Competitive Business" as used in this Agreement means any business (other than a LearningRx Business operated under a franchise agreement with Franchisor) the primary activity of which is providing learning enhancement, brain training, cognitive training and reading training to a variety of people under the LearningRx trademarks, trade names, service marks, and logos ("**Marks**") or the offering of any product or service offered by Franchisor or by Franchisor's approved vendors.

2. This Covenant Not to Compete shall apply:

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

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

(1) within Franchisee's Territory or any area serviced by Franchisee;

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

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

(4) on the Internet or on any other Multi-Area Marketing channels used by Franchisor.

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

MISCELLANEOUS

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

2. Franchisee and Franchisee Affiliate agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any

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

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

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

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

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Franchisee Affiliate expressly agrees to be bound by any lesser covenant embraced within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

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

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

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

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

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

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

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

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

____
____
____
Attention: ________________________
Email: ________________________

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

____
____
____

Attention: ___________________________
Email: ___________________________

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

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

FRANCHISOR: LearningRx Franchise Corporation

By: ___________________________
Dean Tenpas, President

FRANCHISEE: ___________________________

By: ___________________________

FRANCHISEE AFFILIATE: ___________________________

By: ___________________________

ATTACHMENT ~~VIII~~IX (b) to FRANCHISE AGREEMENT

SPOUSAL AND DOMESTIC PARTNER CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT

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

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

Recitals

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

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

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

Whereas, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and, *Whereas*, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and,

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

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

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

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

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

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

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

CONFIDENTIALITY AGREEMENT

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

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

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

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

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

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

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

COVENANTS NOT TO COMPETE

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

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

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

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

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

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

The term "**Competitive Business**" as used in this Agreement means any business (other than a LearningRx Business operated under a franchise agreement with Franchisor) the primary activity of which is providing learning enhancement, brain training, cognitive training and reading training to a variety of people or the offering of any product or service offered by Franchisor or by Franchisor's approved vendors.

2. This Covenant Not to Compete shall apply:

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

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

(1) within Franchisee's Territory or any area serviced by Franchisee;

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

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

(4) on the Internet or on any other Multi-Area Marketing channels used by Franchisor.

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

MISCELLANEOUS

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

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

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

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

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

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Spousal Affiliate expressly agrees to be bound by any lesser covenant embraced within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

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

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

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

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

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

If directed to Franchisor, the notice shall be addressed to:
LearningRx Franchise Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
Attention: Legal Department
Email: Dean@learningrx.com

If directed to Franchisee, the notice shall be addressed to:
____
____
____
Attention: ________________________
Email: ________________________

If directed to Spousal Affiliate, the notice shall be addressed to:
____
____
____
Attention: ________________________
Email: ________________________

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

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

FRANCHISOR: LearningRx Franchise Corporation

By: ____________________________
Dean Tenpas, President

FRANCHISEE: ___________________________________

By: ____________________________

SPOUSAL AFFILIATE: ___________________________________

By: ____________________________

ATTACHMENT ~~IX~~X
TO FRANCHISE AGREEMENT

Lease Rider

A lease rider to the lease between ______________________________ (**Tenant**)

and __________________________________ (**Landlord**) dated ________20___.

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

a) all notices of default to Tenant under the lease must be sent contemporaneously to LearningRx Franchise Corporation at 5085 List Dr. Suite 200, Colorado Springs, CO 80919;

b) in the event Tenant defaults under the lease, LearningRx Franchise Corporation or its designee will have an opportunity, but not the obligation, to cure such default and to assume Leasee's remaining obligations under the lease, but will not have any obligation to do so; and

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

Landlord	Tenant
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
______________________________	______________________________
Date	Date

Copy to be sent to LearningRx Franchise Corporation

ATTACHMENT ~~X~~XI
TO FRANCHISE AGREEMENT

SBA ADDENDUM FOR SBA LOAN APPLICANTS

THIS ADDENDUM (**Addendum**) is made and entered into on ____________, 20____,by **LearningRx Franchise Corporation,** located at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 (Franchisor), and ____, located at __________________________ (**Franchisee**).

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____________, 20__, (such Agreement, together with any amendments, the "**Franchise Agreement"**). Franchisee is applying for a loan (**Loan**) from a lender in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

In consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE IN OWNERSHIP

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

FORCED SALE OF ASSETS

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

COVENANTS

If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (iii) SBA no longer has any interest in the Loan.

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

FRANCHISOR:	**FRANCHISEE:**
LearningRx Franchise Corporation	
By: _______________________________	By:_____________________________
Print Name:________________________	Print Name: _____________________
Title: _____________________________	Title: ___________________________

EXHIBIT C

LEARNINGRX FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

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EXHIBIT C
LEARNINGRX FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into ____________________, ("**Effective Date**") by and between **LearningRx Franchise Corporation,** a Colorado corporation, with a business address at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 ("**Franchisor**") and

____ with its address at ____ ("**Area Developer**").

RECITALS:

WHEREAS, Franchisor holds the exclusive franchise rights to a proprietary system owned by Franchisor which has been developed through significant expenditures of time, skill, effort and money ("**System**") relating to the establishment, development and operation of a **LearningRx Training Center** ("**Center**") which specializes in providing on-premises learning enhancement, cognitive and reading training and courses using programs and products designed by LearningRx;

WHEREAS, the System features use of the Marks as defined below, a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Center, as well as uniform standards, specifications, methods, policies and procedures for store operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs, all of which may be changed, improved upon, and further developed from time to time by Franchisor;

WHEREAS, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and good will of its System and established a firm foundation for its franchised operations consisting of the highest standards of training, management, supervision, appearance, services and quality of products;

WHEREAS, the System is identified by means of certain trademarks, including the marks **LearningRx**, **ThinkRx**, **ReadRx**, **LiftOff**, **MathRx**, **ComprehendRx, BrainSkills** and such other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System ("**Marks**");

WHEREAS, LearningRx, Inc. has licensed and granted to Franchisor the exclusive right and license to sub-license and police the use of the System and the Marks;

WHEREAS, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System's high standards of quality and service;

WHEREAS, Area Developer desires to obtain the right to develop, construct, manage and operate a series of LearningRx Centers under the development schedule and within the territory described in **Schedule A** attached hereto ("**Development Schedule and Territory**"), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

WHEREAS, the Area Developer hereby acknowledges that it has read this Agreement and Franchisor's Disclosure Document ("**Disclosure Document**"), and that it has no knowledge of any representations about the Center or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

WHEREAS, Area Developer understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating the Centers in strict conformity with Franchisor's quality control standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT.

1.01 Appointment. Franchisor hereby grants to Area Developer the right and license to develop, construct, operate and manage Centers in strict accordance with the System and under the Marks within the Development Schedule and Territory described in **Schedule A**. Each Center shall be operated according to the terms of the individual franchise agreement with respect thereto.

1.02 Territory. If the Area Developer complies with the terms of this Agreement, the Development Schedule and the individual franchise agreement for each Center, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Centers in the Development Territory during the term of this Agreement; however, Franchisor reserves the right to sell products and services, under the Marks or any other marks, through any other retail location, including kiosks, malls, airports, college campuses, at special events or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. Upon the expiration or termination of this Agreement, the Area Developer will no longer have a Development Territory and each Center will be limited to operation in its own territory described in the individual franchise agreement.

1.03 Governing Agreement. This Agreement is not a franchise agreement and Area Developer shall have no right to use, in any manner, the Marks or System by virtue of this Agreement. Each Center will be governed by the individual franchise agreement executed by Franchisor and Area Developer for each Center.

1.04 Investment. The Area Developer must contribute some amount of its personal capital to the development of each Center and must own at least a seventy percent (70%) equity interest in each Center developed under this Agreement. Each of the Area Developer's general managers is strongly encouraged to own at least a ten (10%) equity interest in the Center that the general manager supervises.

1.05 Additional Requirements. As added requirements to open another Center as provided for in this Agreement:

A. Area Developer's current Center(s) each must have collected revenue of at least $100,000 per quarter for the two most recently completed quarters for each center this franchisee operates;

B. Area Developer must have liquid assets greater than $150,000 per territory under 75,000 in population or greater than $200,000 per territory over 75,000 in population; and

C. Area Developer's current Center(s) must meet and be in full compliance with all minimal LearningRx operating standards and offer acceptable customer service.

2. TERM.

2.01. Initial Term. Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of the number of months described in **Schedule A** from the Effective Date, or (b) completion of the term of the Development Schedule.

2.02. Renewal. Franchisor, in its sole discretion, may permit Area Developer to renew this Agreement for an additional term; provided that, without limiting the foregoing, the Area Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor, and the parties agree in writing to an extension of the Development Schedule.

3. FEES, TRAINING, FRANCHISE AGREEMENT.

3.01. Fees. The Area Developer shall pay to Franchisor a fee equal to 80% of the then current Initial Franchise Fee, based on the size of the Territory as set forth in the Franchise Agreement, multiplied by the number of Center(s) to be developed hereunder and a fee equal to 80% of the then current Initial Training and Material Fee multiplied by the number of Center(s) to be developed hereunder (the "**Development Franchise Fee**"). The Area Developer will pay 50% of the Development Franchise Fee at the time Area Developer signs the Area Developer Agreement ("**Area Development Fee**"). The balance of the Development Franchise Fee for each Center to be opened in accordance with this Agreement will be paid upon the execution of each single unit-franchise agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be nonrefundable.

3.02. Training Program. The terms of the Franchise Agreement notwithstanding, Franchisor shall provide the Area Developer with Franchisor's then-current Training Program (as defined in the Franchise Agreement).

3.03. Franchise Agreement. Area Developer shall not commence construction on, or open any Center until, among other things, the entire Development Franchise Fee for said Center has been paid in full and the individual franchise agreement for such Center has been executed by both the Area Developer and Franchisor.

4. DEVELOPMENT.

4.01. Development Schedule. Area Developer shall open and continuously operate the Centers in accordance with the System, and the Development Schedule set forth in **Schedule A**.

4.02. Excess Centers. In the event that Area Developer opens and operates a greater number of Centers than is required to comply with the current period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed to have been satisfied to the extent of such excess number of Centers. Area Developer will be permitted to open Centers in excess of the number of Centers set forth in the Development Schedule subject to the prior written approval of Franchisor if, in Franchisor's sole discretion, Franchisor determines that the Development Territory could support additional Centers.

4.03. Monthly Reports. Area Developer agrees that it shall provide to Franchisor a monthly report of its activities and progress in developing and establishing Centers as provided herein. The monthly reports shall be submitted no later than the fifth (5th) day following the end of the preceding month during the term of this Agreement.

4.04. Change in Development Territory. The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Area Developer's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Area Developer understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals in the Development Territory, Franchisor will expect the Area Developer to establish additional Centers within the Development Territory. While Franchisor will not require the Area Developer to establish such additional Centers, Franchisor will strongly encourage Area Developer to do so. Any additional Center shall be governed by Franchisor's then-current form of individual franchise agreement and Franchisor and Area Developer shall execute an addendum to this Agreement reflecting the change to the Development Schedule.

5. LOCATION OF CENTERS.

5.01. Site Approval. With respect to each Center to be developed under this Agreement:

A. As soon as Area Developer locates a site within the Development Territory that it believes is suitable for construction of a Center, Area Developer shall submit to Franchisor such information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require from time to time. If Area Developer proposes that another entity will operate the Center, Area Developer must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its sole discretion, and Area Developer agrees to provide such information immediately upon request. Franchisor may approve or reject, in its sole discretion, any location submitted by Area Developer.

B. Should Franchisor approve of the site location per Section 5.1 above, it will give its written approval to the Area Developer to proceed with architectural drawings and final site plans, containing such information as Franchisor requires. The approval of the site location shall not constitute final approval of the site for the Center, or of the entity proposed as franchisee. Upon receipt of the site location approval, Area Developer should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

C. Should Franchisor provide final site approval and approve of the proposed franchisee entity for a Center, Franchisor and Area Developer (or its affiliate) shall promptly enter into an individual franchise agreement for such Center before the date Area Developer begins construction on the franchise location, which agreement shall be in the form of Franchisor's then-current form of franchise agreement. The terms of the individual franchise agreement will then govern the further development and build-out of the Center.

5.02. Center Location. The location of each Center shall be selected by the Area Developer, within the Development Territory, subject to Franchisor's prior approval as set forth in this Section 5, which approval shall take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Area Developer prior to approval of Franchisor shall be the sole risk and responsibility of Area Developer and shall not obligate Franchisor in any way to approve the same. The approval of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of such site for location of a Center.

6. DEFAULT AND TERMINATION.

6.01. Conditions for Default. Area Developer shall be in default under this Agreement should Area Developer:

A. fail to comply with the Development Schedule;

B. fail to perform any of its obligations under this Agreement or any individual franchise agreement;

C. cease to be a franchisee of Franchisor in good standing; or

D. fail to comply with the provisions on transfer contained in this Agreement.

6.02. Termination Rights. Upon such default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following:

A. terminate this Agreement;

B. terminate the territorial exclusivity granted to Area Developer;

C. reduce the size of the Area Developer's Development Territory or the number of Centers Area Developer may develop in the Development Territory; or

D. accelerate the Development Schedule on immediate written notice.

In addition, if any individual franchise agreement issued to Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Centers within the Development Territory. For purposes of this Section 6, any franchise agreement issued by Franchisor to Area Developer or its affiliates, or any Entity or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a franchise agreement issued to Area Developer.

7. ASSIGNMENT.

7.01. By Franchisor. Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Area Developer.

7.02. By Area Developer. Area Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Area Developer and are granted in reliance upon the personal qualifications of Area Developer or Area Developer's principals. Area Developer has represented to Franchisor that Area Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

A. Neither Area Developer nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Area Developer. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

B. Any assignment, transfer or other disposition by the Area Developer of a single-unit Center within the Development Territory will be governed by the franchise agreement to which such single-unit Center is bound.

7.03. Assignment Procedure. Subject to the other provisions of this Section 7, if Area Developer wishes to sell, transfer any portion, or all, of the Development Territory, or this Agreement, the Area Developer shall notify Franchisor which may approve or disapprove the same in its sole discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

A. All of the Area Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

B. The Area Developer must not be in default of any provision of its franchise agreements, any amendments thereof or successors thereto, or any other agreement between the Area Developer and Franchisor, its subsidiaries or affiliates;

C. The Area Developer and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

D. The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Area Developer's obligations under the relevant franchise agreements and, if deemed necessary by

Franchisor, the transferee's principals, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

E. The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Centers (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Area Developers and shall have sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to operate the Centers;

F. At Franchisor's option, the transferee must execute or, upon Franchisor's request, shall cause all interested parties to execute, for a term ending on the expiration date of the franchise agreement(s) and with such renewal term as may be provided by the franchise agreement(s), the standard form of franchise agreement then being offered to new Area Developers and such other ancillary agreements as Franchisor may require for the Centers, which agreements shall supersede the franchise agreements between the Area Developer and Franchisor in all respects and the terms of which agreements may materially differ from the terms of the franchise agreements, including, without limitation, the implementation of other fees and different royalty rates;

7.04. Liability. The Area Developer and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Centers prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the franchise agreements and guaranty, and shall execute any and all instruments reasonably requested by Franchisor to further evidence such liability; and

7.05. Transfer Fee. Area Developer or its approved transferee shall pay to Franchisor, at the time of said transfer, a transfer fee equal to twenty five percent (25%) of the then-current Initial Franchise Fee for each Center to be transferred to cover Franchisor's administrative and other expenses in connection with the transfer of the Centers by the Area Developer.

7.06. Right of First Refusal. If Area Developer or its principals shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in Area Developer, and Area Developer or its principals shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser, Area Developer shall notify Franchisor in writing of each such offer, and Franchisor has the right and option, exercisable within a period of thirty (30) days from the date of delivery of such offer, by written notice to Area Developer or its owners, to purchase the rights under this Agreement or such ownership interest for the price and on the terms and conditions contained in said purchaser's offer. If Franchisor does not exercise its right of first refusal, Area Developer or its principals may complete the sale of Area Developer or such ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section 7.6, provided that if such sale is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor or if there is a material change in the terms of the sale (which Area Developer shall promptly communicate to Franchisor), Franchisor shall again have the right of first refusal herein provided. In the event that the Area Developer wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Area Developer, said public offering shall be subject to the approval of Franchisor, such approval to not be unreasonably withheld.

7.07. Entity Ownership. If the Area Developer is a corporation, partnership, limited liability company, or any other form of business or association ("**Entity**"), each shareholder, member, manager, or partner ("**Controlling Person**") which is granted the rights to serve as the Area Developer hereunder shall be a party to a shareholders agreement, operating agreement, or partnership agreement which shall provide, among other things, that upon any dissolution of the Entity, or upon any divorce decree among the parties who are also Controlling Persons, that ownership of the shares, membership interest, or partnership interest shall be transferred to the Controlling Person for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, following any such dissolution or decree. The form and content of the shareholders agreement, operating agreement, or partnership agreement must be approved by Franchisor prior to execution.

8. CONFIDENTIALITY.

8.01. Scope. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Area Developer any trade secrets, techniques, methods or processes except the material contained in Franchisor's manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable franchise agreement. Area Developer acknowledges that its knowledge of Franchisor's know-how, processes, techniques, information and other proprietary data are derived entirely from information disclosed to it by Franchisor and that such information is proprietary, confidential and a trade secret of Franchisor. Area Developer agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the term of this Agreement. Area Developer shall divulge such material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Centers. It is expressly agreed that the ownership of all such items and property is and shall remain vested solely in Franchisor.

8.02. Disclosure. The Area Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Area Developer may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor shall be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

9. COVENANTS NOT TO COMPETE.

9.01. Competition During Term. Area Developer acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and it's System. Area Developer covenants that during the term of this Agreement and subject to the post term provisions contained herein, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

A. Divert or attempt to divert any business or customer of the Centers to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or the System;

B. Employ or seek to employ any person who is at that time employed by Franchisor or by Area Developer or any other Area Developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

C. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Center.

During the term of this Agreement, this Covenant Not to Compete applies anywhere in the United States. For two (2) years after the termination, transfer, or expiration of this Agreement, for any reason, this Covenant Not to Compete applies: (a) within Area Developer's Development Territory; (b) within counties adjacent to the Development Territory or within a Development Territory then operated by or under development by Franchisor or another Area Developer of Franchisor; (c) within a fifty mile radius from the boundary of Area Developer's Development Territory or from any other franchised or company-owned LearningRx Training Center, (d) on the Internet or (e) on any other Multi-Area Marketing channels used by Franchisor

9.02. Post-Term Competition. Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the Center and which is located within a radius of fifty (50) miles of the Development Territory hereunder or the location of any area developer, or any company-owned franchised Center under the System which is in existence on the date of expiration or termination of this Agreement. However, Sections 9.01 and 9.02 shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

9.03. Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 9.

9.04. Modification. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 9.01 and 9.02 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

9.05. Defenses. Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense the enforcement by Franchisor of the covenants in this Section 9. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 9 provided Franchisor prevails in any or all of its claims against Area Developer.

9.06. Irreparable Injury. Area Developer acknowledges that Area Developer's violation of the terms of this Section 9 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Area Developer in violation of the terms of this Section 9.

9.07. Additional Agreement. Area Developer shall obtain, from the individuals defined in the Franchise Agreement as "Franchisee Affiliates", the execution of a "CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT" from each such individual. A copy of the "CONFIDENTIALITY and COVENANT NOT TO COMPETE AGREEMENT" is attached to the Franchise Agreement and is identified as Attachment VIII. Area Developer shall then immediately forward each such signed Agreement to Franchisor:

10. DISPUTE RESOLUTION.

10.01. Arbitration. Franchisor shall have the right, but not the obligation, to enforce this Agreement by the judicial process (and not by arbitration): (1) to protect any of its rights regarding any of its trademarks or to protect any of its intellectual property; (2) to protect any security interest; and (3) and to pursue any rights it may have under any leases, subleases, sales, promissory notes, purchases, security agreements, covenants not to compete or other agreements with Franchisee. Except as provided above, all controversies, disputes or claims between the Franchisor, its officers, directors, shareholders, sales people, Area Developers, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their respective capacity) and the Area Developer (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any Licensed Method, shall be submitted for arbitration to the Denver, Colorado office of the American Arbitration Association ("**AAA**") on demand of either party. Such arbitration proceedings shall be conducted in Denver, Colorado, and by one arbitrator experienced in franchise law in accordance with the then current Commercial Arbitration Rules of the AAA. The arbitrator will have the right to award any proper relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs. Provided however, the arbitrator will not be empowered to award, nor will any party be entitled to receive, any damages or awards that are barred by the "Limitation of Claims" Section of this Agreement. The award and decision of the arbitrator will be conclusive and binding upon all parties and their respective owners, managers, employees, and agents. Judgment upon the award may be entered in any court of competent jurisdiction. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The arbitrator's decision will follow the plain meaning of this Agreement and will be final, binding, and enforceable in a court of competent jurisdiction. The arbitrator will issue an award no later than ninety (90) days after the commencement of the arbitration hearing unless the parties agree otherwise. This dispute resolution clause shall survive the termination or expiration of this Agreement.

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

10.03. Injunctive Relief. Notwithstanding the above provision for arbitration, the Franchisor and the Area Developer will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Area Developer agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds in excess of a total of $500, but upon due notice, and the Area Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Area Developer.

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

11. CONSTRUCTION, MODIFICATION, ENFORCEMENT.

11.01. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and there are no other representations, warranties, or other agreements expressed or implied. This Agreement shall supersede all prior existing agreements between the parties concerning the subject matter of this Agreement. Nothing in this agreement or in any related agreement is intended to disclaim any information provided in the disclosure document.

11.02. Modification. This Agreement shall not be modified except by a written agreement signed by the parties hereto.

11.03. Conflict. Where this Agreement and any franchise agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern.

11.04. Force Majeure. In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days.

11.05. Sub-franchise. Under no circumstances do the parties intend that this Agreement be interpreted in such a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

11.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as otherwise set forth in Section 10, the state and federal court(s) located in Denver, Colorado will have exclusive jurisdiction for the purposes of carrying out this provision.

12. RELATIONSHIP OF PARTIES.

12.01. Independent Contractor. It is acknowledged and agreed that Area Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having such authority.

12.02. Indemnification. Area Developer agrees to protect, defend, indemnify and hold Franchisor and its ownership harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder.

13. MISCELLANEOUS.

13.01. Compliance with Applicable Laws. Area Developer shall develop all Centers in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations and agrees to promptly pay all financial obligations incurred in connection therewith.

13.02. System Modification. Franchisor may modify and update its Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect its trademarks or trade name, or improve the quality of the products or services provided through the Centers and Area Developer shall exclusively incur the costs of any such change in the Center or the System which has been caused by such modification. In the event that any improvement or addition to the Manual, the System or the Marks is developed by Area Developer and approved in writing by Franchisor, then Area Developer agrees to grant to Franchisor an irrevocable, world-wide, exclusive, royalty free license, with the right to sub-license such improvement or addition.

13.03. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13.04. Notice. Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of such notice to Area Developer's address listed herein, or such changed address.

Notices to Franchisor:

LearningRx Franchise Corporation
5085 List Drive
Suite 200
Colorado Springs, Colorado 80919

Notices to Area Developer: as listed at the beginning of this Agreement.

14. ACKNOWLEDGEMENTS.

14.01. Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all area development agreements or franchise agreements are or will be identical.

14.02. Area Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

14.03. Area Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Area Developer.

14.04. AREA DEVELOPER ACKNOWLEDGES RECEIPT OF THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FINANCIAL STATEMENTS AND OTHER CONTRACTS FOR THE CENTER AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO EXECUTION HEREOF OR PAYMENT OF ANY MONIES. AREA DEVELOPER ACKNOWLEDGES THAT THE SUCCESS OF THE AREA DEVELOPER IN MANAGING AND OPERATING MULTIPLE FRANCHISES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, AREA DEVELOPER'S INDEPENDENT BUSINESS ABILITY. AREA DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS PRIOR TO ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE CENTER RESTS SOLELY WITH AREA DEVELOPER. AREA DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE AREA DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR CANNOT EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER AREA DEVELOPER'S BUSINESS. AREA DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

LEARNINGRX FRANCHISE CORPORATION

By: ____

Dean Tenpas, President

AREA DEVELOPER:

By: ____

WITNESS ___________________________

SCHEDULE A
AREA DEVELOPMENT AGREEMENT

The term of the Area Development Agreement is for __________months from ___________________.

The Number of Centers to be developed under the Area Development Agreement is _________________.

DESCRIPTION OF THE DEVELOPMENT TERRITORY

Territory	**Description**	**Population**

DEVELOPMENT SCHEDULE

The Minimal Development Schedule is as follows:

If the Area Developer fails to meet any twelve-month schedule then 6.2 of the agreement would apply.

NUMBER OF MONTHS FROM DATE OF THIS AGREEMENT	**TOTAL NUMBER OF CENTERS OPEN FOR BUSINESS**
Twelve (12) months	
Twenty-four (24) months	
Thirty-six (36) months	

FRANCHISOR: LEARNINGRX FRANCHISE CORPORATION

By: ________________________:_________________________________

Dean Tenpas, President

FRANCHISEE: ____________________

By:___________________________ :________________________________

SCHEDULE B
AREA DEVELOPMENT AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the "**Agreement**") dated ____________________, by and between **LearningRx Franchise Corporation**, a Colorado corporation, ("**Franchisor**") and ____________________ ("**Area Developer**"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Area Developer under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements executed by Area Developer in order to open and operate the Center, and the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Area Developer, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Area Developer and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Area Developer or whether the Area Developer is joined in any such action.

3. Franchisor shall not be obligated to inquire into the power or authority of the Area Developer or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Area Developer's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations, limited liability companies, or partnerships it shall be conclusively presumed that the Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations, limited liability companies, or partnerships and that such corporations, limited liability companies, or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or

any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Area Developer and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7, If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____day of _______________, 20___.

Signature	Signature
[Printed Name]	[Printed Name]
Home Address	Home Address
Home Telephone	Home Telephone
Business Telephone	Business Telephone
Date	Date
Signature	Signature
[Printed Name]	[Printed Name]
Home Address	Home Address
Home Telephone	Home Telephone
Business Telephone	Business Telephone
Date	Date

EXHIBIT D

LEARNINGRX FRANCHISE CORPORATION

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT D
LEARNINGRX FRANCHISE CORPORATION
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 ~~(~~ 415~~) ~~-972-8559 1-866-275-2677	California Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT ~~06106~~ ~~(203)~~ 06103 860-240-~~8299~~8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services ~~P.O. Box 6700~~ Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-~~6700~~ ~~(800) 435-7352~~0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 ~~(~~ 404~~) ~~-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant ~~St.,~~Street, Room 203 Honolulu, HI~~Hawaii~~ 96813 ~~(~~808~~) ~~-586-2722	Commissioner of Securities of the State of Hawaii ~~Department~~ Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant ~~St.,~~Street, Room 203 Honolulu, HI 96813

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL -62706 ~~(~~ 217~~)~~ -782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division ~~Room E 111~~ 302 West Washington Street , Room E 111 Indianapolis, IN -46204 ~~(~~ 317~~)~~ -232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN -46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA -50319 ~~(~~ 515~~)~~ -281-~~5705~~4441	Same
KENTUCKY	Kentucky Attorney ~~General's~~General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY -40602 ~~(~~ 502~~)~~ -696-~~5300~~5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 ~~(~~ 504~~)~~ 342-7013 (gen. info.) ~~(~~ 504~~)~~ 342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 ~~(~~ 207~~)~~ 298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 ~~(~~ 410~~)~~ 576-6360	Maryland Securities Commissioner ~~200 St. Paul Place~~ ~~Baltimore, Maryland 21202-2020~~ Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit ~~PO Box 30213~~ 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI ~~48909~~ ~~(~~48913 517~~)~~ 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 ~~(~~ 651~~) 296-4026~~ 539-1500	Minnesota Commissioner of Commerce Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEBRASKA	~~Nebraska~~ Department of Banking and Finance ~~1230 "O"~~ Bureau of Securities/Financial Institutions Division 1526 K Street, Suite ~~400~~300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, ~~NE~~ Nebraska 68509-5006 ~~(~~Tele: 402~~) -~~471-~~3445~~2171	~~Director of the Department of Banking and Finance~~ Same ~~Address~~
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 ~~(~~ 603~~) -~~271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 ~~(~~ 212~~) -~~416-8222	Secretary of State of New York ~~41 State Street~~ 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of ~~State's~~State's Office /Securities Division ~~Legislative Annex Building~~ ~~300~~ 2 South Salisbury Street Raleigh, NC ~~27602~~ ~~(~~27601 919~~) -~~733-3924	Secretary of State Secretary of ~~State's~~State's Office ~~300 Salisbury Street~~ ~~Raleigh, NC 27602~~ Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State ~~Capital, 5th~~Capitol, Fifth Floor~~, Dept 414~~ Bismarck, ND 58505-0510 ~~(~~ 701~~) -~~328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower ~~15th Floor~~ 30 East Broad Street , 15th Floor Columbus, OH 43215 ~~(~~ 614~~)~~-466-8831 or ~~(~~800~~)~~-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 ~~(~~ 405~~)~~-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 ~~(~~ 503~~)~~-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore ~~Complex~~ ~~1511 Pontiac Ave.,~~Center – Building 69-1 1511 Pontiac Avenue Cranston, RI ~~02910~~02920 ~~(~~401~~) 462-9588~~-222-3048	Director, Rhode Island Department of Business Regulation ~~Securities Division~~ ~~John O. Pastore Complex~~ ~~1511 Pontiac Ave., Building 69-1~~ ~~Cranston, RI 02910~~ ~~(401) 462-9588~~Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 ~~(~~ 803~~)~~-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 ~~South~~S. Euclid Avenue, Suite 104 Pierre, SD 57501 ~~(~~605~~)~~-773-4823	Director of the South Dakota Division of Securities Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	~~Attorney General's Office~~ ~~Consumer Protection Division~~ Secretary of State Statutory Documents Section P.O. Box ~~12548~~ 12887 Austin, TX -78711 ~~(~~-2887 512~~) 463-2070~~-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT -84145-0804 ~~(~~ TELE: 801~~)~~ -530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street~~, Ninth Floor~~ Richmond, VA -23219 ~~(~~ 804~~)~~ -371-~~9051~~9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street~~, 1st Floor~~ Richmond, VA -23219 ~~(~~804~~)~~ -371-~~9733~~9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director~~ of~~, Dept. of Financial Institutions Securities Division 150 Israel Rd ~~SW~~S.W. Tumwater, WA 98501 ~~(360) 902- 8760~~
WISCONSIN	~~Commission~~Wisconsin Dept. of Financial Institutions Division of Securities ~~P.O. Box 1768~~ 345 W. Washington Avenue, 4th Floor Madison, WI ~~53701-1768~~ ~~(~~53703 608~~)~~ -266-~~1365~~8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT E

LEARNINGRX FRANCHISE CORPORATION

MULTI STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT

EXHIBIT E
LEARNINGRX FRANCHISE CORPORATION

MULTI STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT

The following modifications are to the LearningRx Franchise Corporation Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and Area Development Agreement.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

2. Neither the franchisor, nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.)

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur in Colorado with the costs being borne by both parties.

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

9. The franchise agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

12. The earnings claims figures do not reflect all the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or

former franchisees, listed in the franchise disclosure document, may be one source of this information.

13. 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:________________________
By: ____________________________	By: ____________________________
Title:___________________________	Title: ___________________________

ILLINOIS

Item 17(v) of the Franchise Disclosure Document, Section 16.02 of the Franchise Agreement and Section 11.06 of the Area Development Agreement are amended to state that any provision that designates jurisdiction or venue in a forum outside the State of Illinois will not be enforceable and is amended to the extent required by Illinois law.

Item 17(v)(w) of the Franchise Disclosure Document, Section 16.02 of the Franchise Agreement and Section 11.06 Area Development Agreement are amended to state that "The governing law or choice of law clause that allows for jurisdiction or venue other than Illinois will not be enforceable under Illinois law and that Illinois law shall govern the Agreements. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 705(41) of the Illinois Franchise Disclosure Act states any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. Item 17(b) and (k) of the Franchise Disclosure Document, Sections 3 and 14 of the Franchise Agreement and Sections 2 and 7.02 of the Area Development Agreement are amended accordingly.

The conditions under which a franchise can be terminated and your rights upon nonrenewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________
By: ____________________	By: ____________________
Title:____________________	Title: ____________________

INDIANA

It is unlawful for any franchise agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the territory granted in the franchise agreement or, if no territory is granted, in an area of more than reasonable size, upon termination of a franchise agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, Item 17 (s) of the franchise disclosure document, Section 15.1 of the Franchise Agreement and Section 11.02 of the Area Developer Agreement are amended accordingly.

Item 17 (v) of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit the place where arbitration will occur.

Item 17 (x) of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit any reference to selection of an out-of-Indiana choice of law.

Item 17(w) of the Franchise Disclosure Document, Sections 16 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The franchise agreement requires you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. Item 17(b)(k) of the Franchise Disclosure Document, Sections 3 and 14 of the Franchise Agreement and Section 2 and 7.02 of the Area Developer Agreement are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________________
By: ________________________________	By: ________________________________
Title:_______________________________	Title: ______________________________

MARYLAND

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.). Item 17(h) of the Franchise Disclosure Document, Section 5.09 of the Franchise Agreement and Section 6.01 of the Area Developer Agreement are amended to add this provision.

Item 17(m) of the Franchise Disclosure Document, Section 14.04(b) of the Franchise Agreement and Section 7.03 of the Area Developer Agreement are amended to state that the general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(u)(v)(w) of the Franchise Disclosure Document, Sections 16.03 and 16.07 of the Franchise Agreement and Sections 10.01 & 10.02 of the Area Developer Agreement are amended to state; A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17(u) of the Franchise Disclosure Document, Section16 of the Franchise Agreement and Section 10.01 of the Area Developer Agreement are amended to state: Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 19 and Attachment VII of the Franchise Agreement and Section 14 of the Area Developer Agreement are amended to state: All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:________________
By: ________________	By: ________________
Title:________________	Title: ________________

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(b) A prohibition on your right to join an association of franchisees.

(c) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a franchise agreement, from settling any and all claims.

(d) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and Development Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(e) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(f) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(g) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(h) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(i) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(j) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ESCROW REQUIREMENTS (IF ANY): ____________________________________

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________________
By: ________________________________	By: ________________________________
Title:_______________________________	Title: ______________________________

MINNESOTA

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

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

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

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

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

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extend required by law, the Franchise Agreement, Area Developer Agreement and Item 17 of the franchise disclosure document are amended to state that no action may be commenced pursuant to this section more than three years after the cause of action accrues.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________
By: ____________________	By: ____________________
Title:____________________	Title: ____________________

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page:

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

Add to ITEM 3 of the Franchise Disclosure Document as follows, as the last paragraph:

(A) Except as described above, neither we, our predecessors, a person identified in ITEM 2 nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(B) Except as described above, neither we, our predecessors, a person identified in ITEM 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

(C) Except as described above, neither we, our predecessor, a person identified in ITEM 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Add the following language to ITEM 4 of the Franchise Disclosure Document, the last paragraph:

A. Except as described above, neither we, our affiliates, predecessors nor officers during the ten-year period immediately before the date of the Disclosure

Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position in the company or partnership.

Add at the end of the first paragraph of ITEM 5 of the Disclosure Document:

The purpose of the initial fee is to pay for our training, sales, legal compliance, salary, and general administrative expenses, and profit.

The first paragraph of ITEM 17 of the Disclosure Document is modified to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Add in Item 17d of the Disclosure Document:

You may terminate the agreement on any grounds available by law.

Add at the end of the choice of law clause in the Franchise Agreement and in Item 17w of the Disclosure Document:

The foregoing choice of law should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

The following is added to the Receipt Page:

New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:______________________
By: ______________________	By: ______________________
Title:______________________	Title: ______________________

NORTH DAKOTA

Item 17 (c) & (m) franchise disclosure document, Section 1.02 of the Franchise Agreement and Section 7.03 of the Area Developer Agreement requiring you to sign a general release upon renewal of the franchise may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(i) of the franchise disclosure document, Section 16.02 of the Franchise Agreement and Section 9.02 of the Area Developer Agreement requiring you to consent to termination or liquidated damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the franchise disclosure document, Section 16.02 of the Franchise Agreement and Section 9.02 of the Area Developer Agreement restricting competition are generally considered unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(u) of the franchise disclosure document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. The site of arbitration or mediation must be agreeable to all parties.

Item 17(w) of the franchise disclosure document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17 of the franchise disclosure document, Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17 of the franchise disclosure document, Sections 17 and 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement requiring the franchisee to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17 of the franchise disclosure document, Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement requiring the franchisee to consent to a limitation of claims within one year may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section 18.16 of the Franchise Agreement and Section 10 of the Area Developer Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement, which may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

The prevailing party in any enforcement action is entitled to recover costs and expenses including attorney's fees.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:__________________________
By: ______________________________	By: ______________________________
Title:______________________________	Title: ______________________________

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." Item 17 (u), (v), (w) of the franchise disclosure Document, Section 18.06 of the Franchise Agreement and Section 10.02 of the Area Developer Agreement are amended accordingly to the extent required by law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________
By: ____________________	By: ____________________
Title:____________________	Title: ____________________

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for LearningRx Franchise Corporation for use in the Commonwealth of Virginia shall be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:__________________________
By: ______________________________	By: ______________________________
Title:______________________________	Title: ______________________________

WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

LEARNINGRX FRANCHISE CORP:	Franchisee:____________________
By: ________________________	By: ________________________
Title:________________________	Title: ________________________

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated ____________________, 20__, and/or the Area Developer Agreement dated ___________________, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

DATED this _______ day of _____________________, 20__.

FRANCHISOR:

LEARNINGRX FRANCHISE CORPORATION

By:____
Title:____

FRANCHISEE

____

By:____
Title:____

By:____
Title:____

EXHIBIT F

LearningRx

Franchise Corporation

LEARNINGRX FRANCHISE CORPORATION

OPERATIONS MANUAL TABLE OF CONTENTS

AS OF DECEMBER ~~2016~~2017

EXHIBIT F
LEARNINGRX FRANCHISE CORPORATION

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT G

LEARNINGRX FRANCHISE CORPORATION

GENERAL RELEASE

EXHIBIT G

GENERAL RELEASE

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant as follows:

1. The undersigned, LEARNINGRX FRANCHISE CORP., ("the **Franchisor**"), does hereby release, and forever discharge ____________________ ("the **Franchisee**"), its officers, directors, successors, shareholders, agents, assigns, employees, representatives, and any and all other persons, firms and corporations whatsoever, from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, arising out of, related to or in any way connected with the Franchise Agreement dated ____________and specifically including but not limited to, any and all claims or demands which may have been alleged or any other future claims related to the above Franchise Agreement.

2. The undersigned ________________ (the "**Franchisee**") and its shareholders, officers, and directors does hereby release and forever discharge LEARNINGRX FRANCHISE CORP., its, successors, agents, assigns, officers, directors, shareholders, employees, representatives, and any and all other persons, firms and corporations whatsoever, from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, breach of contract, defamation, and any claims whatsoever. This Full, Final and Absolute Mutual Release (the "Release") shall apply to all agreements or contracts heretofore existing or entered into by and between ______________ ("the **Franchisee**") and LEARNINGRX FRANCHISE CORP.

3. It is understood and agreed that the settlement evidenced by this Release is a compromise of all claims herein specified, whether past, present or future, that such claims are doubtful and disputed, and that execution of this Release is not to be construed as an admission of liability on the part of any party. Rather, liability is expressly denied.

4. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. No representations as to damages or liability have been made. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

5. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all prior negotiations or proposed agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital. Since the purpose of this Release is to end this matter forever, should it develop that there are any errors, mistakes or any omissions in this instrument, whether legal or factual and whether mutual or unilateral, which would cause the release of the parties herein released to be defective or less than complete, then the undersigned will sign any and all documents and do any and all things necessary to effectuate a full, final and absolute release of said party.

6. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

7. The terms of this Release arose from negotiations and discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of Colorado.

9. This Release may be executed in two copies, each of which shall be deemed an original.

10. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

WITNESS OUR SIGNATURES, this the ____ day of ___________, 20____.

LearningRx Franchise Corp.

____
By

____
Title

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

____
Franchisee

____
By

____
Title

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

LEARNINGRX FRANCHISE CORPORATION

RECEIPT

RECEIPT (Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LearningRx Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

In the States of New York and Rhode Island, the delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration to us or an affiliate in connection with the proposed franchise sale.

Michigan requires the delivery of the Disclosure Document at least 10 business days before the execution of the franchise or other agreement, or the payment of any consideration, whichever comes first.

If LearningRx Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on EXHIBIT D.

The franchise sellers for this offering are:

☐ Dr. Ken Gibson, CEO, LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, CO 80819; and 719-264-8808.

☐ Dean Tenpas, President, LearningRx Franchise Corporation, 5085 List Drive, Suite 200, Colorado Springs, CO 80819; and 719-264-8808.

Issuance Date: December ~~27, 2016~~21, 2017

~~See EXHIBIT D for our registered agents authorized to receive service of process.~~

~~I have received a disclosure document dated _____________ that included the following Exhibits:~~
~~A Financial Statements~~
~~B Franchise Agreement~~
~~Attachment I Addendum to Franchise Agreement~~

See EXHIBIT D for our registered agents authorized to receive service of process.

I have received a disclosure document dated _____________ that included the following Exhibits:

A Financial Statements
B Franchise Agreement
- Attachment I — Addendum to Franchise Agreement
- Attachment II — Satellite Location Addendum to Franchise Agreement
- Attachment III — Electronic Payment Authorization
- Attachment ~~III~~IV — Collateral Assignment of Telephone Numbers, Addresses, and Listings
- Attachment ~~IV~~V — Statement of Ownership
- Attachment ~~V~~VI — (a) Guaranty and Assumption of Franchisee's Obligations; (b) Spousal and Domestic Partner Guaranty and Assumption of Obligations
- Attachment ~~VI~~VII — Addendum Consent to Transfer for SBA
- Attachment ~~VII~~VIII — New Franchise Disclosure Questionnaire
- Attachment ~~VIII~~IX — (a) Confidentiality and Covenant Not to Compete Agreement; (b) Spousal and Domestic Partner Confidentiality and Covenant not to Compete Agreement
- Attachment ~~IX~~X — Lease Rider
- Attachment ~~X~~XI — SBA Addendum

C Area Developer Agreement
- Schedule A: Description of Development Territory
- Schedule B: Guaranty

D State Administrators and Agents for Service of Process
E Multi State Addendum to the Franchise Disclosure Document, Franchise Agreement and Area Developer Agreement.

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Date	Signature	Printed Name
Date	Signature	Printed Name

RECEIPT 2 OUR COPY

RECEIPT (Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LearningRx Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

In the States of New York and Rhode Island, the delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration to us or an affiliate in connection with the proposed franchise sale.

Michigan requires the delivery of the Disclosure Document at least 10 business days before the execution of the franchise or other agreement, or the payment of any consideration, whichever comes first.

If LearningRx Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on EXHIBIT D.

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Date	Signature	Printed Name
Date	Signature	Printed Name

RECEIPT 4 OUR COPY