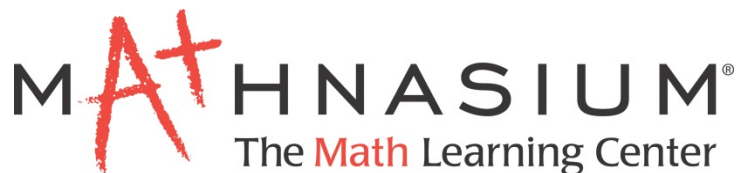


FRANCHISE DISCLOSURE DOCUMENT



Mathnasium Center Licensing, LLC dba Mathnasium Learning Centers

A California Limited Liability Company
5120 West Goldleaf Circle, Suite 300
Los Angeles, California 90056 USA
(877) 531-MATH (6284)
gabe.wintner@mathnasium.com
www.mathnasium.com

As a Mathnasium franchisee you will operate a learning center that provides math instruction using the Mathnasium system of learning. Children typically attend Mathnasium centers two or more times per week for approximately 60 minutes.

The total investment necessary to begin operation of your first Mathnasium franchise ranges from \$99,750 to \$136,000. This includes the \$37,000 initial franchise fee that must be paid to Mathnasium. The total investment necessary to begin operation of a second or subsequent franchise ranges from \$82,250 to \$125,500. This includes a discounted initial franchise fee that must be paid to Mathnasium, which ranges from \$19,500 to \$26,500.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your Franchise Development Representative at 5120 West Goldleaf Circle, Suite 300, Los Angeles, California 90056 and (877) 531-6284.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's homepage 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.

The issuance date is **March 5, 2013**.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with the 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 MEDIATION OR ARBITRATION ONLY IN THE COUNTY WHERE OUR HEADQUARTERS IS LOCATED, CURRENTLY IN LOS ANGELES COUNTY, CALIFORNIA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE CONTINUATION OF YOUR TERRITORIAL EXCLUSIVITY DEPENDS ON YOU MAINTAINING ENROLLMENT OF 50 STUDENTS AFTER YOUR 24TH MONTH OF OPERATION AND BEING IN COMPLIANCE WITH ALL SYSTEM STANDARDS.
4. THERE MAY BE OTHER RISK FACTORS CONCERNING THIS FRANCHISE.

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

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

STATE EFFECTIVE DATES

The following states require that the franchise disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

California:	March 11, 2013, as amended March 21, 2013
Florida:	April 9, 2013
Hawaii:	March 12, 2013
Illinois:	March 6, 2013
Indiana:	April 8, 2013
Kentucky*:	April 9, 2004
Maryland:	April 12, 2013
Michigan:	March 31, 2013
Minnesota:	March 7, 2013
Nebraska*:	March 12, 2004
New York:	March 29, 2013
North Dakota:	March 19, 2013
Rhode Island:	March 11, 2013
South Dakota:	March 4, 2013
Texas*:	March 8, 2004
Utah:	April 1, 2013
Virginia:	March 7, 2013
Washington:	March 15, 2013
Wisconsin:	March 5, 2013

In all states that do not have franchise registration and disclosure laws, the effective date is the same as the issuance date stated on the front cover of this franchise disclosure document.

* Denotes one-time filing

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before 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 to cure the failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area after the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
G. Mennen Williams Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

**MATHNASIUM CENTER LICENSING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

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Exhibits

"A-1"	List of Franchised Outlets
"A-2"	List of Certain Former Franchisees
"B"	Financial Statements
"C"	Franchise Agreement
	<i>Attachments to Franchise Agreement:</i>
	Attachment 1: Territory
	Attachment 2: General Release
	Attachment 3: Confidentiality/Non-Competition Agreement – Owners/Officers/Managers
	Attachment 4: Confidentiality/Non-Competition Agreement – Center Directors
	Attachment 5: Confidentiality Agreement/Non-Competition Agreement – Employees
	Attachment 6: Schedule of Owners, Officers and Managers
	Attachment 7: Guaranty and Assumption of Obligations
	Attachment 8: Conditional Assignment of Telephone and Directory Listings
	Attachment 9: Electronic Funds Transfer Authorization Form
	Attachment 10: Statement of Prospective Franchisee
"D"	List of Certain State Franchise Authorities (Government Offices) and Registered Agents in Certain States
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"F"	Promissory Notes for Additional Centers
"G"	Acknowledgment of Receipt of Completed Agreements
"H"	Receipt of Disclosure Document

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

To simplify the language in this disclosure document, "Mathnasium", "we", "us" and "our" means Mathnasium Center Licensing, LLC, and "you" means the person who acquires the franchise. If you are a corporation, limited liability company or other legal entity, "you" also includes your owners.

Mathnasium is a California limited liability company formed in California on June 20, 2003. Our principal business and corporate address is 5120 West Goldleaf Circle, Suite 300, Los Angeles, California 90056.

Mathnasium is a subsidiary of Mathnasium LLC, which also has its principal place of business at 5120 West Goldleaf Circle, Suite 300, Los Angeles, California 90056. Mathnasium LLC is a limited liability company formed in California on November 17, 2002. Mathnasium operates under the names "Mathnasium Learning Centers", "Mathnasium Centers", "Mathnasium The Math Learning Center" and "Mathnasium."

Our agents for service of process and their addresses are listed in Exhibit D.

The System

Mathnasium offers and awards franchises throughout the United States to independent operators for the operation of learning centers that provide math instruction using the Mathnasium education method at locations we have consented to. Mathnasium centers are open to the public at least 5 times a week during after-school hours for at least 4 hours per day. Children typically attend Mathnasium centers twice a week for approximately 60 minutes per session. Some children attend more than twice a week or for more than 60 minutes per session.

Mr. Larry Martinek is the creator of the Mathnasium Method™, an important component of the Mathnasium system. Over a 30-year career as an educator he developed a substantial body of educational works that form the basis of the Mathnasium education method. The Mathnasium Method™ uses diagnostics, instruction, guided practice and manipulatives. The Mathnasium system includes more than 14,000 worksheets for children between 4 and 17 years old.

The system is detailed in our manuals, to which you will be given access as part of our initial training program.

The Mathnasium Center Franchise

A Mathnasium franchisee is granted the right under a Franchise Agreement to use the system including its teaching techniques, trade secrets and marks in connection with operating one center. We will designate a territory for you and not allow another Mathnasium center to be located there except if you do not meet our minimum performance requirements. If you apply for a Mathnasium center franchise, your evaluation will include a personal interview.

Mathnasium may pay an existing franchisee or others a fee for referring a prospective franchisee to Mathnasium who becomes a franchisee. Any existing franchisee or others receiving a referral fee will not otherwise participate in the awarding of the franchise to the prospective franchisee and are not authorized to make any financial performance representations. Existing franchisees may receive a prospective franchisee conversation fee if they answer questions of prospective franchisees who become franchisees in two circumstances: (a) there is a pool (currently \$1,000) that is split among all franchisees who speak with a candidate who becomes a franchisee; and (2) there is a second pool

(also currently \$1,000), which is split by three of our top franchisees who have indicated to us that they are willing to spend a disproportionate amount of time with prospective franchisees; it is based on how many of them speak with a prospective franchisee who then purchases a franchise. The referral and prospective franchisee conversation fee policies are reviewed annually, and may be terminated or modified at any time.

Market: Competition

Mathnasium's services are generally marketed to parents of children. The supplemental educational market continues to experience increasing competition. Your competitors include educational services offered on the Internet, tutoring institutes, tutoring centers, learning centers, test prep centers, cram schools, individual tutors, self-tutoring programs, other Mathnasium centers, and other individuals, companies, and organizations.

Industry-Specific Regulations

Certain states may require specific certification or licenses in connection with your instructional duties as a franchisee. Most states will require a background check of all instructors in order for them to work with children. Furthermore, your center may be considered a school or daycare under some state or local laws or zoning codes. Classification of your center as a school or daycare may entail additional requirements such as licenses to operate, separate bathrooms for boys and girls, water fountains, special exit doors equipped with panic bars, fire safety improvements, and accommodations for disabled persons. You should consult with your attorney concerning any special requirements that may apply to you or your center. You must comply with all applicable laws and regulations in addition to our requirements.

Prior Business Experience of Mathnasium, its predecessors and affiliates

Mathnasium does not do business under any other name, nor do we engage in other business activities other than those related to math instruction. Mathnasium does not directly operate a business of the type being franchised, but our parent, Mathnasium LLC, operated three businesses of the type being franchised at the locations described in Item 20 below as of December 31, 2012. Mathnasium LLC operates some of these businesses through its wholly-owned subsidiary, Mathnasium Company Centers, LLC. Mathnasium LLC has neither awarded nor offered any franchises. We began offering franchises in late 2003. Neither we nor Mathnasium LLC have offered franchises in other lines of business. Mathnasium has no predecessor and no other affiliates besides those mentioned in this paragraph.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer: Peter Markovitz, M.A.

Mr. Markovitz founded Mathnasium in 2002, and was named our President and Chief Executive Officer in June 2003. His title changed to Chief Executive Officer in April 2010.

President: David Ullendorff, M.A.

Mr. Ullendorff co-founded Mathnasium in 2002, and was named our Executive Vice President in June 2003. His title changed to President in April 2010.

Chief Instructional Officer: Larry Martinek, B.A.

Mr. Martinek co-founded Mathnasium in 2002, and was named our Chief Instructional Officer in June 2003. He has been President and General Manager of Strongbox Marketing Corporation in Los Angeles,

California since 1980. Mr. Martinek has a bachelor's degree in Mathematics, and secondary teaching credentials in California. He has been a classroom teacher in Los Angeles, California, a Faculty Coordinator of RISE (Reform of Intermediate and Secondary Education) located in Los Angeles, California, and has developed a substantial body of educational works, which form the basis of the Mathnasium education method.

Chief Operating Officer: Shant Assarian, B.S., C.P.A., M.B.A.

Mr. Assarian joined Mathnasium in March 2010 when he was named Controller. He was promoted to Chief Operating Officer in April 2012. Prior to joining Mathnasium, Mr. Assarian was an auditor at Grant Thornton, LLP in Los Angeles, CA from 2003 until 2010.

Senior Vice President, Franchise Operations: Mary Feldman, B.S.

Ms. Feldman joined Mathnasium in 2006, when she was named Director of Franchise Support, transitioning to Director of Franchise Administration in March 2008 and Director of Franchise Operations in April 2009. In February 2011, Ms. Feldman was named Senior Vice President, Franchise Operations.

In-House Counsel: Gabriel Wintner, B.A., J.D.

Mr. Wintner joined Mathnasium in April 2012, when he was named Legal Director. His title was changed to In-House Counsel in July 2012. Prior to joining Mathnasium, Mr. Wintner practiced law in Chicago, Illinois from October 2010 to April 2012. From 2007 to 2010, Mr. Wintner attended law school.

Controller: Terrence Gardiner, B.S.

Mr. Gardiner joined Mathnasium in April 2012 when he was named Controller. Prior to joining Mathnasium, Mr. Gardiner was an auditor at Grant Thornton, LLP in Los Angeles, CA from 2004 until 2012.

ITEM 3: LITIGATION

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

Our initial franchise fee is \$37,000 if you are purchasing your first franchise. You must pay the entire fee when you sign the Franchise Agreement. This fee is fully earned by us once paid and is not refundable with one exception: If we elect to cancel the Franchise Agreement during or at the conclusion of the initial training program, we will return the initial franchise fee to you, less the costs we have incurred in marketing, awarding, and processing your franchise and in providing training to you. The initial franchise fee is used (in addition to other purposes) to pay for the costs of the initial training program, up to 6 hotel room nights during the initial training program, the apprenticeship training program, the first 3 months of your base royalty (first center only), and the annual convention fee for your first year (first center only). For training programs, you must pay all other expenses, including travel and lodging, not otherwise stated as covered.

Prior to the time the initial franchise fee and franchise agreement are submitted, franchisees are required to submit to a background check which includes a criminal/civil record search and may include a credit check. We will not countersign a franchise agreement until we have received results of the search and check. If Mathnasium determines that you are unsuitable to run a Mathnasium

center as a result of background check results, we reserve the right to not accept you as a franchisee and to return to you the franchise agreement and any initial franchise fee paid.

If you became a Mathnasium franchisee before August 6, 2012 and are purchasing an additional franchise on or before August 5, 2013, you will pay a discounted initial franchise fee of \$19,500. Otherwise, if you are purchasing an additional franchise, you will pay an initial franchise fee of \$26,500. We may finance \$15,000 of the initial franchise fee. If you are eligible for the franchise fee of \$19,500, you will pay \$4,500 when you sign the Franchise Agreement and the balance by signing an interest-free Promissory Note for \$15,000. If your initial franchise fee will be \$26,500, you will pay \$11,500 when you sign the Franchise Agreement and the balance by signing an interest-free Promissory Note for \$15,000.

Mathnasium is a participant in the International Franchise Association VetFran Program. If you are a qualifying veteran honorably discharged from the U.S. Armed Forces within 3 years of your signing our franchise agreement or if you are an active duty member of the U.S. Armed Forces on the effective date of the Franchise Agreement, we will reduce the initial franchise fee for your first center by 40%. If you were honorably discharged more than 3 years ago, we will reduce the initial franchise fee for your first center by 25%.

If you choose to pay the initial franchise fee by credit card, you must also pay us the bank charges we incur for credit card processing. Currently the charge is 2.5% of the transaction amount.

The range of actual initial franchise fees charged in our last fiscal year ending December 31, 2012 was from \$0 to \$37,000, the higher amount being the amount charged for initial fees for the first unit.

We reserve the right to change the initial franchise fee or discounts given at any time before you purchase a franchise.

Other Fees

Depending on when you open your Center, you may be required to begin paying us the Base Royalty Fee (\$500 per month) and/or the Technology License fee (\$75 per month) before you open.

ITEM 6: OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Monthly Royalty	Initially, 10% of your monthly gross receipts from all sources as a result of operating your center, plus a base royalty fee of \$500 per month (payable on the first center only). Beginning in the 24 th month of operation of the center, the base royalty fee plus the greater of (i) the 10% monthly royalty or (ii) \$1,400.	20 th day of the next month.	Payment of the base royalty fee begins the first full month after completion of the Initial Training Program by at least one principal for the first center (or the completion of the 2 nd week of initial training if we change to a training program of 2 non-consecutive weeks) and begins the first month each additional center opens for additional centers. The 10% monthly royalty begins when you open your Center. The minimum royalty payment is due in the 24 th month after your center opens. See Notes 1, 2, and 5.

Name of Fee	Amount	Due Date	Remarks
Monthly Marketing Fee	\$250 plus 2% of your monthly gross receipts (see Note 5) from all sources as a result of operating your center.	20 th day of the next month	See Notes 2, 3, and 5.
Technology License Fee	Currently \$75 per month per center, subject to increase. We anticipate an increase in 2013.	20 th day of the next month	For each center, payable on the 20 th day of the next month after the month in which you execute the Franchise Agreement. See Notes 1, 2, and 6.
Annual Convention Fee	Currently \$100 per franchisee if you stay in the hotel we designate for the conference; otherwise \$250.	Currently charge \$100 in May	This covers attendance of 2 people. See Notes 1, 2, and 7.
Administrative fee for late payment	\$300 every 2 weeks until payment is made	25 th day of the month in which the payment was due and every 2 weeks thereafter	Payable if you are 5 days late on payments due us. See Notes 1 and 2.
Administrative fee for late submission of reports	\$300 every two weeks until reports submitted	21 st day of the month following the month covered by the reports and every week thereafter	Payable if you are 1 day late in submitting reports. See Notes 1 and 2.
Non-Compliance Fine	\$300 per month for each non-complying incident	30 days following receipt of a quality assurance report	Applies only if you fail to make changes requested in our periodic quality assurance reports. See Notes 1 and 2.
Returned check service charge	\$60 per check returned by bank for non-sufficient funds.	When requested by Mathnasium	Charge covers Mathnasium's costs for re-depositing the check. See Note 1.
Indemnification	See Note 4.		
Shipping costs	Actual cost of shipping only.	When incurred	
Payments for "Chargeable Items" purchased from Mathnasium	Prices determined by Mathnasium.	As stated on invoice	Your basic teaching materials are currently included in your royalties. However, we may offer supplemental teaching materials or promotional items for your use or sale. These are called "Chargeable Items". We can change the price for Chargeable Items without notice.
Transfer Fee	\$6,000	Before Transfer	Payable if you transfer your franchise.
Initial training tuition for additional trainees	Up to \$300 per day per person	Before training begins	Payable if more than 2 individuals will attend the initial training program.
Apprenticeship training program fee for additional trainees	\$500 per person	Before training session begins	Payable if more than 2 people will attend the same apprenticeship training program.

Name of Fee	Amount	Due Date	Remarks
Apprenticeship training program fee for additional sessions	\$1,000 for up to 2 people	Before training session begins	Payable if more than 1 apprenticeship training program is requested (at a second time or a second location).
Tune-Up Training tuition for additional trainees	\$300 per person	Before training session begins	Payable if more than 2 people will attend the Tune-Up Training.
Additional Marketing Assessment	Pro rata amount to cover special advertising program	When incurred	Determined by a majority vote of all franchised centers (one vote per center).
Local or regional cooperative advertising	As determined by cooperative. All money spent on cooperative advertising will be a credit against the local advertising requirement	Determined by cooperative	We may designate cooperatives of 2 or more centers. Company-owned or affiliate-owned centers will participate in cooperatives and will have one vote per center.
Reimbursement of taxes	Amount of taxes assessed against us due to your operation of your center	Upon demand	Payable if your state imposes such a tax on us.

Except where otherwise specified, we impose all the fees in this table uniformly, you pay them to us, and we do not refund them.

NOTES:

[1] Within 60 days after the start of each calendar year, effective on written notice, we can increase fees that are a fixed dollar amount, including the monthly base royalty and minimum royalty payment, by the greater of 3.0% per year or the percentage increase of the Consumer Price Index, US City Average, All Items (1967= 100). If increases are not made in any given year, we do not forfeit our right to allow the increases to accumulate for a period of up to 3 consecutive years and apply them later. Any adjustments will only be applicable if applied on a system wide basis. No adjustment based on the CPI will be made to the percentage of Gross Receipts charged as Monthly Royalty (10%) or Marketing Fees (2%). We have charged varying royalties in the past, including lower and higher percentages.

Mathnasium presently provides a royalty rebate for its top performers of 2% on royalties paid on monthly gross receipts. For a franchisee to qualify for this rebate, all centers owned by that franchisee must be operating under Franchise Agreements dated April 2010 or later. For a franchisee to qualify for the rebate for a given month, the franchisee's total combined monthly revenues must rank in the top 8% of all such combined revenues for all U.S. based Mathnasium franchisees. Mathnasium also presently provides a royalty fee rebate during the first year after an existing franchisee acquires an existing center from the previous owner of 100% of the base and monthly royalty fees for the first 3 months, 75% of the base and monthly royalty fees for the next 3 months, 50% of the base and monthly royalty fees for the next 3 months, and 25% of the base and monthly royalty fees for the last 3 months. Royalty rebate policies are reviewed annually and we may change or terminate them at any time.

[2] Monthly royalties, marketing fees and technology fees must be paid to us by electronic withdrawal in accordance with the procedures specified in the manuals directly from a depository account set up by you for this purpose. When you execute the Franchise Agreement, you must fill out a form authorizing electronic withdrawal from a business depository account (or a personal account, if you haven't set up the business account yet) under an electronic funds transfer (EFT) arrangement with

your bank. Once established, your business account must be substituted for any personal account information provided originally. You will not be provided access to the Mathnasium centralized computer system (currently called "M2") until you have provided Mathnasium with a completed EFT form. If you fail to pay any royalties, fees or other charges within 5 days following the due date, or if we do not withdraw the fees from your account because you have failed to give us information on your Gross Receipts for the previous month, then you will owe Mathnasium a \$300 administrative fee for the late payment, and \$300 every two weeks thereafter until payment is made in full. If you are more than 1 month delinquent in reporting your Gross Receipts for any month, we have the right to withdraw 110% of the base royalty and monthly royalty fees you paid in the previously reported month, plus other fees due, including administrative fees for late payments and reporting.

If you have past due amounts, at our option you must sign a promissory note for the balance you owe us; however, we are not obligated to offer you a promissory note arrangement. After signing a promissory note, you must pay each month's royalty and marketing fee payments and the promissory note payment on time. If you default on either payment (or if you refuse, if offered, to sign a promissory note) and you do not cure within 30 days after written notice from us, then we can terminate the Franchise Agreement immediately upon notice to you, with no further opportunity to cure.

We also have the right to charge you a \$300 administrative fee if you fail to submit the reports described in the manuals on time, and an additional \$300 fee every two weeks thereafter until the reports are submitted. Reports for the month just completed are due on the 20th day of the following month (e.g. reports covering March are due on April 20). We also have the right to charge you a non-compliance fine of \$300 per month for each specific change you fail to make as requested in a quality assurance report we give you periodically (see Section 6.16(b) of the Franchise Agreement).

[3] The marketing fee for franchise operators who became Mathnasium franchisees on or prior to March 4, 2013 is 2% of monthly gross receipts.

[4] Under the Franchise Agreement, you must indemnify Mathnasium and hold it harmless from any claim, liability, loss or expense arising out of the operation of your center. This means that if Mathnasium incurs any expenses to handle, settle, or dispute any matter relating to your center (including attorneys' fees, court costs, etc.), we may require you to reimburse Mathnasium for them.

[5] "Gross receipts" are defined as your monthly gross receipts from all sources in your operation of the center, including student tuition, registration and testing fees, sales of learning materials, hourly per student private tutoring, and any other services we may approve. Gross receipts shall exclude only sales tax receipts that you must by law collect from customers and that you pay to the government, any customer refunds actually paid, and coupons or promotional discounts approved by us.

[6] You must use our centralized computer system for business management at your center. Mathnasium has invested in and currently uses a proprietary technology system built on a platform licensed from Salesforce.com, Inc. which is subject to ongoing development by outside vendors. Contracts between Mathnasium LLC, Salesforce.com, Inc. and outside vendors provide discounted licenses to our franchisees for access to and use of the system, as well as ongoing improvements, and modifications. Mathnasium also pays storage costs for the data produced by franchisees' operations of their software. Reimbursements for your portion of these license fees and storage costs are paid to us by electronic withdrawal directly from the depository account set up by you for this purpose under an electronic funds transfer arrangement in accordance with the procedures specified in the manuals. Mathnasium retains no part of this fee. The platform or related software may be licensed by a different vendor in the future. As of the date of this Disclosure Document, the technology fee charged by Mathnasium to franchisees to cover these costs is \$75 per center per

month. However, this monthly fee is subject to increase. We anticipate an increase in 2013. These fees cover the cost of the 1 license and storage requirements for your first center. Additional centers require payment of 1 additional monthly technology fee each. We reserve the right to change the centralized computer system at any time and to use the technology fees paid by you to pay for the licensing fees of another technology platform or to develop our own platform.

[7] This fee is charged to partially defray our costs of holding an Annual Convention. The fee covers attendance for up to two people for your first center and one additional person per additional center. Additional attendees will be charged an additional fee of \$100 per person. For your first center only, the initial franchise fee covers the cost of your annual convention fee for the first convention taking place after you sign the Franchise Agreement. Attendance is required. Even if you are unable to attend a particular annual convention, the annual convention fee charged to you that year is not refundable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee	\$37,000 for your first franchise; \$19,500 or \$26,500 if you are buying an additional franchise	Lump sum for first franchise, initial payment followed by monthly payments for additional franchises	At signing of franchise agreement	Mathnasium
Expenses While Training (initial training and apprenticeship)	\$1,500 to \$2,500 (See Note 1)	As arranged	At time of training	Hotels, Airfare, Restaurants, etc.
Rent (and Security Deposit, if Required)	\$6,000 to \$12,000 (See Note 2)	As required by landlord	As required by landlord or by applicable law	Landlord
Paint, Carpet and Tenant Improvements	\$2,500 to \$5,000 (See Note 3)	As arranged	Before opening	Vendors
Furniture, Signs, Equipment and Supplies	\$15,000 to \$18,000 (See Note 4)	As arranged	Before opening	Vendors
Insurance	\$1,000 to \$2,500 (See Note 5)	As arranged	Before opening	Insurance Agent
Business License, Name Registration	\$250 to \$1,000	As arranged	Before opening	Local Municipality, state
Professional Services (Legal and/or Accounting)	\$1,500 to \$2,000 (See Note 6)	As arranged	As arranged	Vendors
Phone and Utilities	\$500 to \$1,000 (See Note 7)	As arranged	Before opening	Phone, utilities companies

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Video surveillance and related equipment	\$1,500 to \$5,000 (See Note 8)	As arranged	Before opening	Vendors
Early Stage Advertising	\$15,000 to \$20,000	As arranged	Before opening and during first 4 months of operation	Vendors
ADDITIONAL FUNDS (4 Months)	\$18,000 to \$30,000 (See Note 9)	As arranged	As arranged	Vendors, landlord, employees, utilities, etc.
TOTAL (1 st Center)	\$99,750 to \$136,000 (See Note 10 and Note 11)			
TOTAL (Subsequent Center)	\$82,250 to \$125,500 (See Note 10 and Note 11)			

Except where otherwise specified, we impose all the fees in this table, you pay them to us, and we do not refund them.

NOTES

[1] This estimate covers the travel costs of one person attending initial training and the apprenticeship program. The initial franchise fee covers the cost of up to six total hotel room nights during the initial training program. The initial training and apprenticeship programs are conducted at different times and different locations necessitating 2 separate trips. In 2013, we may expand our initial training to two non-consecutive weeks of training at two separate locations (in addition to the separate apprenticeship program). If this happens, estimated expenses while training could increase by 60% to as much as \$4,000 among all three trips.

You may incur additional training fees if you send more than 2 people to training.

[2] The estimate is for the first and last month's rent. Rent will vary according to location and whether the landlord requires a security deposit. In highly desired business and commercial districts or when franchisees elect to lease spaces larger than our standard recommended space, rent might be higher. The size of the space should be 1,000 to 1,400 square feet. You do not need more than 1,400 square feet. We strongly recommend waiting to finalize a location until you have attended our initial training for business operations. You may not use your home or other residential property as your center. We may require you and your landlord to sign an addendum to the lease for your center, or another acceptable form of agreement, requiring the landlord to give Mathnasium written notice if you are in default of your center lease and allowing us the option to assume the lease if you are in default. Your final location must be approved by us in writing, prior to signing a lease. We must review and consent to the physical layout of each center. If you don't complete the build out of the center in a reasonable time, Mathnasium may (but is not obligated to) complete the build out, all expenses of which will be paid or reimbursed by you. This estimate does not include any amount for tenant improvements.

[3] The estimate is for painting and carpeting your center space, and basic tenant improvements. The cost of tenant improvements may also be covered by the landlord or amortized in your rent, depending on lease negotiations with your landlord. Tenant improvements can be required and/or expensive if applicable laws require certain facilities described in Item 1 under Industry-Specific Regulations.

[4] The estimate includes initial lease payments for computers, peripherals and other office equipment of \$500 to \$1,000, for which financing is generally available. The total purchase price of computers is estimated to be under \$2,500. The estimate also includes the costs of exterior signs, interior wall art, desks, chairs, and other furniture, and other costs.

[5] The figure given is the current annual rate if you obtain all insurance required in the manuals, based on an assumed center enrollment of 100 students. You must also obtain property and casualty insurance, which varies by size and location of the center. We estimate that the annual cost of all required insurance coverage would range from \$1,000 to \$2,500. You may also have an obligation under state law to obtain workers compensation or other forms of insurance. This estimate does not include an amount for workers compensation insurance since those rates can vary widely depending on your state and number of employees.

[6] The estimate includes legal and accounting services that may be required to start your business, including a legal review of your franchise agreement. Ongoing professional services are included in the "Additional Funds" category.

[7] The estimate includes purchase of phones and modem, installation of Internet service, and utilities setup deposits. You must have a separate business phone line and answering machine or voicemail used exclusively for your center, and a broadband Internet connection.

[8] Typically this equipment (total cost of \$5,000) is purchased with a \$1,000 down payment and the remainder financed.

[9] This is an estimate of the additional funds you will need during the initial period of operation, which we define as 4 months from the opening of the center. It includes rent for months 2 through 4, and 4 months of other expenses including utilities, office supplies, and outside services. It includes payroll for one employee but does not include any compensation that you elect to pay to yourself, or any royalties that you would pay us. You must pay the base royalty beginning the first full month after you (if you are an individual) or at least one of your principals (if you are an entity) complete the initial training program. However, for your first center only, the initial franchise fee covers the cost of the first three months of the base royalty. These estimates have been made based on the experience of our franchisees, but we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on many factors, such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic and environmental conditions; the local market for our services; the prevailing wage rate; competition; and, the enrollment level reached during the initial 4 month period.

[10] These are estimates only. The chart provides an estimate of the initial investment required to open your first Center, or your second or subsequent Center. None of the expenditures described in the chart is refundable. The one exception is if Mathnasium elects to terminate the Franchise Agreement during or at the conclusion of the initial training program, in which case we will return the initial franchise fee to you, less the costs we have incurred in marketing, awarding, and processing your franchise and in providing training to you. It is extremely difficult to predict future changes in these costs because they are under the control of third parties. We do not expect these costs to rise faster than general inflation, but we cannot guarantee this. You should review these figures carefully with a business advisor before making any decision to invest in the franchise.

[11] We do not finance any part of your initial investment on your first center. Financing may be available for second and subsequent centers.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We must pre-approve any instructional materials that you wish to use at your center unless these materials are already specified in the manuals. If you purchase our proprietary Math Dictionaries, you must do so from us or a supplier we designate. You must purchase items bearing the Mathnasium marks only from us or other sources we designate or approve, unless we waive this requirement in writing. Approved suppliers are listed in the manuals. They are our only approved suppliers. Currently we are not an approved supplier of any products or services. Currently, there is no supplier(s) in which any of our officers owns an interest.

Certain other items you must purchase for operating your center, including furniture, surveillance equipment, stationery, wall décor, student supplies and insurance, must be purchased from approved suppliers or following our standards and specifications.

We approve suppliers after review of the quality of the products they provide to Mathnasium and our franchisees. Mathnasium formulates standards and specifications for products from approved suppliers based on our officers' experiences in the child instruction business. These standards and specifications are provided to potential suppliers when we begin the supplier review process and to franchisees if requested in writing. If you would like us to consider a new supplier, you must have the supplier provide us with samples of its work. If the supplier meets our specifications for quality control, we will approve it as an additional supplier by written notification of our approval to the supplier and you. A review of a proposed new supplier may require a trial period but typically is completed within 60 days and no fees are payable to Mathnasium for this review. Mathnasium will not unreasonably withhold consent of a proposed, new supplier. If an approved supplier no longer meets our standards, Mathnasium may revoke its status as an approved supplier by written notification to the supplier and notification to the system by e-mail and modification to the manuals.

Mathnasium is not presently involved in any purchasing or distribution cooperatives. In our last fiscal year, Mathnasium did not obtain any rebates from approved suppliers based on franchisee purchases, but we reserve the right to do so in the future.

Purchases made directly from Mathnasium, from approved suppliers, or in accordance with our standards and specifications in establishing your center will range from 30% to 40% of your total initial investment.

Purchases made directly from Mathnasium, from approved suppliers, or in accordance with our standards and specifications in ongoing operation of your center will range from 20% to 40% of your total monthly expenses.

Mathnasium does negotiate purchase agreements with suppliers for the benefit of Mathnasium franchisees, and when we do we pass on any negotiated discount directly and entirely to our franchisees. Mathnasium does not provide material benefits to any franchisee based on a franchisee's use of designated or approved sources.

In our last fiscal year ending December 31, 2012, Mathnasium indirectly received revenues as a result of purchases by franchisees from the supplier of the Mathnasium Math Dictionaries in the amount of \$16,534 or 0.2% of our total revenues of \$9,290,794. Franchisees purchase our dictionaries from the supplier, and the supplier passes on the revenue to Mathnasium less the supplier's shipping and handlings costs. Mathnasium currently has no affiliates that provide products or services to Mathnasium franchisees or receive rebates as a result of required purchases by franchisees.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION OF FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.3, 3.1	7, 8, and 11
b. Pre-opening purchases/leases	6.12, 7.1	6, 8, and 11
c. Site development and other pre-opening requirements	3.1, 4.1, 6.2, 13.2	11
d. Preliminary and ongoing training	1.4, 4.1-4.7	11 and 15
e. Opening	3.2, 15.1(c)	11
f. Fees	5.1-5.5, 10.3, 18.3(b)	5 and 6
g. Compliance with standards and policies/operating manuals	6.1-6.19, IX	8, 11, 15, and 16
h. Trademarks and proprietary information	1.1-1.4, 7.1-7.6, 8.1, 8.3, 15.1(d), 17.1-17.2, 20(a)	13 and 14
i. Restrictions on products/ services offered	3.3, 6.8, 7.4, 8.2, 8.3, 16.1, 16.2	16
j. Warranty and customer service requirements	6.5, 6.14, 6.15	Not Applicable
k. Territorial development and sales quotas	2.1, 10.2	Not Applicable
l. Ongoing product/service purchases	4.6	6 and 8
m. Maintenance, appearance remodeling requirements	6.2, 6.13, 6.17, 8.1, 18.4(b)ii	11
n. Insurance	13.2	6, 7, and 8
o. Advertising	5.3, 6.2, 6.6	11
p. Indemnification	, 13.1	6
q. Owner's participation/management staffing	11.1, 11.3	15
r. Records and reports	6.9, 6.10, 6.16, 15.2(a)	6
s. Inspections and audits	6.16	6
t. Transfer	18.1-18.8, XIX	17
u. Successor Agreement	14.1-14.4	17
v. Post termination obligations	15.4	17
w. Non-competition covenants	16.1-16.5	17
x. Dispute resolution	20.1-20.5	17
y. Privacy Policy	6.19	Not Applicable

ITEM 10: FINANCING

We do not offer direct or indirect financing for your first center. We may finance initial fees for a subsequent center, if you qualify. The financing structure currently offered for franchisees with at least one Franchise Agreement signed on or before August 6, 2012, and who sign the current Franchise Agreement on or before August 6, 2013 and therefore qualify for the initial franchise fee of \$19,500, is payment of \$4,500 in cash when they sign the Franchise Agreement and financing of the \$15,000 balance of the initial franchise fee. The financing structure currently offered for franchisees who do not qualify under the previous terms and must pay an initial franchise fee of \$26,500 is payment of \$11,500 in cash when they sign the Franchise Agreement and financing of the \$15,000 balance of the initial franchise fee. Installment payments must be made by electronic funds transfer.

The \$15,000 note for the initial franchise fee of \$19,500 is paid over 30 months at zero interest. The \$15,000 note for the initial franchise fee of \$26,500 is financed over 20 months at zero interest. You must sign the appropriate standard Promissory Note in Exhibit F. The only security we require is a personal guaranty of the note by you and your spouse or, if the franchisee is an entity, by all of the owners of the franchisee entity and their spouses. The note can be prepaid in full at any time without penalty. If you default by failing to make a payment under the note, or if your Franchise Agreement is terminated for any reason, we can accelerate your obligations to pay the entire amount due and you will be responsible for our costs of collection, including attorney's fees, and 10% interest until the note is paid in full. Failure to pay the note is an event of default under the Franchise Agreement just like the failure to pay any owed royalties or fees. You waive your rights to notice of a collection action and to assert any defenses to collect against us. (See Exhibit F, Promissory Note for Additional Centers).

This financing structure is subject to annual review.

We do not have any practice or intent to sell, assign or discount to a third party all or part of the financing arrangement.

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

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

Pre-Opening Obligations

Before you begin operating your Center, Mathnasium will:

(1) Review and approve or disapprove the site proposed for your center (Franchise Agreement, Section 3.1). We will not approve or disapprove any proposed site until you have completed the initial training program. Mathnasium assists in site selection by reviewing the location and nature of the proposed facility and its appropriateness for use as a center. You may not use your home or other residential property as a center. Mathnasium does not ordinarily lease sites to franchisees, although we may sublease space to a franchisee from time to time if a company-owned center converts to a franchised center. In consenting to the site for your center, we consider the general location and neighborhood where your center would be located, demographic information about residents within the vicinity of the center, visibility, availability of parking, physical characteristics of existing buildings, availability of necessary space for the center, as well as other factors integral to the Mathnasium business model. If we do not consent to the proposed site for your center, you will be given additional time (up to 20 business days) to locate an appropriate site. And if you and we cannot agree on any site, your Franchise Agreement may be cancelled, at no liability to us. Our review and consent to the location of a center by Mathnasium is no guarantee or assurance that you will be successful there.

(2) Designate a single descriptive community name for your center. (Franchise Agreement, Section 6.2)

(3) We will provide you with digital access to a copy of our manuals for franchisees and other applicable manuals during the relevant phases of the initial training program (Section IX, Franchise Agreement). You do not own any copies of or rights to the manuals and, to the extent that you print out or digitally retain material from them, we have the right to require you to destroy or return such material to us when your franchise is terminated. Mathnasium can change the manuals, and you must comply with these changes when you are notified of them. Currently we notify you via the change logs posted on the Mathnasium centralized computer system (currently called "M2"). Such changes will not materially alter your rights and obligations under the Franchise Agreement.

(4) Verify that you have the insurance coverage that we require for your center (Franchise Agreement, Section 13.2).

Mathnasium currently will only render services to you that are required by your Franchise Agreement (or other agreements with us) or the manuals.

Time to Open

You must start center operations within 6 months after you sign the Franchise Agreement. This generally occurs 3 to 5 months after completion of the initial training program. You may request from us in writing an extension of time in which to open, and we have the right to grant an extension for a maximum of 2 months. If you have not started Center operations within 6 months after signing the Franchise Agreement (or by the end of any extension period if granted), we may terminate the Franchise Agreement. The actual time necessary to open will vary depending on how long it takes you to obtain our consent to your proposed site for the center, obtain any necessary permits or licenses, perform any needed construction or remodeling, and equip the facility for operation. You must open a separate bank account for your business operations and submit to us an EFT form for that account before you open your center.

Training

Prior to attending the initial training program, you are required to review all pre-training materials and complete business and educational assessments. This work will require approximately 40 hours of your time. The initial training program typically lasts at least 5 days and is usually conducted every 6 weeks at or near our offices in Los Angeles, California, but could be in various other cities across the country. By the later of sixty (60) days after you sign the Franchise Agreement or the first day of the second initial training program session we hold after you sign your Franchise Agreement, your center director and one principal who is the largest equity owner of the franchise or the franchisee entity (if that person is not also the center director) must start and then successfully complete the initial training program. In situations where part or all of your center management will be handled by a person other than you, we will require that person to complete all pre-training work and attend the initial training program.

Your center director must successfully complete the pre-training work, the initial training program, and all certification training courses specified in the manuals before you may open your center. You and your center director must also participate in and successfully complete a 4 to 5 day apprenticeship in one of various Mathnasium "Apprenticeship Host" centers around the United States. If you hire another center director after you have completed the initial training program and the center director was previously an instructor at a Mathnasium Center for at least 6 months, you have the option of

having the center director attend Center Director Training instead of the initial training program and apprenticeship training. The initial franchise fee covers the cost of this apprenticeship program for your center director and 1 principal owner to simultaneously attend. You must pay all other expenses, including travel and lodging. The fee to attend non-simultaneous programs is \$1,000 per additional program, for up to two attendees. More than two attendees may simultaneously attend the apprenticeship program for a fee of \$500 per additional person. Mathnasium retains no part of this fee; it is paid in full to the hosting franchisee. During 2013, we may update the initial training program to include two non-consecutive weeks of training at two separate locations in the United States.

Below is a description of the current initial training program schedule (hours stated refer to minimum hours provided):

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING*	HOURS OF ON-THE-JOB TRAINING*	LOCATION
Business Setup	4	0	Pre-Training Reading
Location Selection and Market	2	0	Pre-Training Reading
Center Setup	4	0	Pre-Training Reading; Los Angeles, California or other U.S. locations
Welcome; Training Objectives; Introductions	1	0	Los Angeles, California or other U.S. locations
Company Background, Vision, Customer Service Focus	1	0	Los Angeles, California or other U.S. locations
Systems and Tools	2	0	Los Angeles, California or other U.S. locations
Neighborhood Marketing	2-3	0	Los Angeles, California or other U.S. locations
In-store Marketing and Sales	3-4	0	Los Angeles, California or other U.S. locations
Customer Service – Driving Retention and Referrals	1.5	0	Pre-Training Reading; Los Angeles, California or other U.S. locations
Business Management and Accounting	4	0	Los Angeles, California or other U.S. locations
Mathnasium Management System (M2)	4	0	Los Angeles, California or other U.S. locations
Business Management – Hiring, Training, Management	2	0	Los Angeles, California or other U.S. locations
Training: Center Director and Instructor Certification Programs	1	0	Pre-Training Reading; Los Angeles, California or other U.S. locations
Daily Operations	2	0	Los Angeles, California or other U.S. locations
Introduction to the Mathnasium Method	2.5	0	Los Angeles, California or other U.S. locations
Assessing Students	4	0	Los Angeles, California or other U.S. locations
Mathnasium Materials Overview	2	0	Los Angeles, California or other U.S. locations
Creating the Customized Workbook	1	0	Los Angeles, California or other U.S. locations
Math Tips for Teaching	4	0	Los Angeles, California or other U.S. locations

SUBJECT	HOURS OF CLASSROOM TRAINING*	HOURS OF ON-THE-JOB TRAINING*	LOCATION
Role Playing	2-3	0	Los Angeles, California or other U.S. locations
Education Review	1	0	Los Angeles, California or other U.S. locations
Operations Review	1	0	Los Angeles, California or other U.S. locations
Question and Answer	1	0	Los Angeles, California or other U.S. locations
Conclusions	1	0	Los Angeles, California or other U.S. locations
Apprenticeship Program at Apprenticeship Host Center	0	30-40	Los Angeles, California, or other center in the U.S.

*Less than one hour stated as one hour.

The initial training program is typically provided within 30 to 45 days after you sign the Franchise Agreement. Mathnasium's Senior V.P., Franchise Operations, determines the actual time the initial training program begins each day. The instructional material consists of the Mathnasium Math Dictionary, Flashy Demo Cards, various worksheets, sample assessments and floor plan tools.

The training instructors are currently (i) Mary Feldman, who has been with Mathnasium or our affiliates for 8 years, and who has 22 years of experience in the subject matters she teaches, (ii) Larry Martinek, who has been with Mathnasium or our affiliates for 10 years, and who has 40 years of experience in the subject matters he teaches, (iii) David Ullendorff, who has been with Mathnasium or our affiliates for 10 years, and who has 22 years of experience in the subject matters he teaches, (iv) Lisa Eastwood, who has been with Mathnasium or our affiliates for 8 years, and who has 12 years of experience in the subject matters she teaches, (v) David Peddie, who has been with Mathnasium or our affiliates for 6 years, and who has 8 years of experience in the subject matters he teaches, (vi) Nathaniel Erwin, who has been with Mathnasium for 2 years and who has 2 years of experience in the subject matter he teaches, (vii) Shant Assarian, who has been with Mathnasium for 3 years and who has 12 years of experience in the subject matters he teaches, and (viii) Peter Markovitz, who has been with Mathnasium or our affiliates for 10 years, and who has 29 years of experience in the subject matters he teaches.

Note: The initial training program must be successfully completed by the principal who is the largest equity owner and by your initial center director. Additional persons may attend the initial training program if they are your family members, or if they have a legitimate business relationship with you, and they sign a Confidentiality/Non-competition Agreement. Instructors cannot attend the initial training program. We have the right to add supplemental training sessions to our standard initial training program if we determine that you need them.

The initial franchise fee covers the cost of the initial training program for your center director and one equity owner. The initial franchise fee also covers the cost of up to six total hotel room nights during the initial training program. You must pay all other expenses, including travel and lodging for additional attendees. Other attendees may be charged tuition for the initial training program (not to exceed \$300 per day). The initial training program currently occurs at one training center designated by Mathnasium, but in 2013 we may develop additional training that will include 2 non-consecutive weeks of training that may be held at 2 separate locations.

Additional training courses specified in the manuals consist of videos, reading, and worksheets completed on your own and submitted to Mathnasium for certification.

Mathnasium may require your attendance at a Tune-Up training program (a 2-day training course), though no sooner than 6 months after you open your center, in either Los Angeles, California or another location that we select. We may require one principal owner or your Center Director to attend the Tune-Up training program. Instructors cannot attend the Tune-Up training program. Mathnasium may also provide your center director and other personnel of yours periodic ongoing training at locations that we designate or by telephone or Internet. You must participate in ongoing training as prescribed by us during the term of the Franchise Agreement (this is usually done by telephone conference). There is currently no fee for the ongoing training, but you must pay the cost of any travel and living expenses that you incur to personally attend ongoing training.

Center Directors hired or promoted after your Center is already operating must attend either the initial training program, including all pre-training work, or the Center Director training program (if they were previously an instructor at a Mathnasium center for at least 6 months).

If we hold an annual convention for franchisees, you must attend and pay the annual convention fee. For your first Center only, the initial franchise fee covers the cost of your annual convention fee for the first convention taking place after you sign the Franchise Agreement.

You are responsible for all of the expenses incurred by your trainees or other attendees in connection with the initial training program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses. All attendees at training, conferences, conventions, and meetings must sign a Confidentiality/Non-Competition Agreement prior to attending.

Obligations After Opening:

During the operation of the franchised business, Mathnasium will:

(1) Provide electronic access to the system and manuals necessary for the operation of your center (Franchise Agreement, Section 7.1). Access to the Mathnasium centralized computer system (currently called "M2") is only granted after Mathnasium receives a completed electronic funds transfer (EFT) form when you execute the Franchise Agreement, which authorizes electronic withdrawal of funds from a depository account for royalties and other fees.

(2) Notify you of changes to the manuals and other modifications to the system (Franchise Agreement, Sections 8.2).

(3) Furnish to you reasonable assistance by telephone, fax, e-mail, or website regarding the operation of the center as we deem appropriate (Franchise Agreement, Section 4.8).

(4) Notify you if the general state of repair, appearance or cleanliness of your center or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (Franchise Agreement, Section 6.17). Mathnasium employees or representatives can, with or without advance notice to you: (i) visit your center any day of the week (except national holidays) and at any time of the day between 9:00 am and 9:00 pm, including at least 3 hours outside of the hours your center is open, and if we give advance notice, you and your center director must be present; (ii) physically or electronically inspect any materials, products, data or documents relating to the operation of your center; (iii) physically or electronically access all accounting records, as they relate to the operation of your center; (iv) interview parents, children, and your center employees; (v)

contact any parents or students currently or previously enrolled at your center at any time; and (vi) observe your instructional skill, center management skill, and system knowledge skill. We also have the right to require you to place and maintain video and audio equipment (to be specified in the manuals when added) to facilitate the monitoring of learning center activity as well as closer monitoring of teacher interaction with students. You must keep your accounting records according to the Mathnasium chart of accounts. You must keep financial records relating to your Mathnasium business separate from all other business activity not directly related to Mathnasium. You must keep all records relating to each student enrolled at your center for a period of at least 2 years from the student's last day of attending the center. If we communicate required changes to you following a center visit, you will incorporate said changes within a reasonable time period (Franchise Agreement, Section 6.17).

(5) Review any additional services, programs or products that you develop for your center to determine whether to include them as part of the Mathnasium System (Franchise Agreement, Section 8.3).

We currently have a policy by which we make monthly marketing contributions to existing franchisees who purchase an additional existing franchise business from a selling franchisee. The payment is calculated based on the amount of royalties you pay each month. This policy may be changed or withdrawn at any time.

Advertising

Monthly Marketing Fees

You must pay Mathnasium a monthly "Marketing Fee" that we use for national, regional, or local marketing and promotional purposes (Franchise Agreement, Section 5.3). If you became a Mathnasium franchisee on or prior to March 4, 2013, the Marketing Fee is equal to 2% of your monthly gross receipts. Otherwise, the Marketing Fee is equal to \$250 plus 2% of your monthly gross receipts.

We will expend the Marketing Fees collected from our franchisees to pay for expenses related to the development of marketing materials and processes for use by franchisees and us in national, regional or local advertising, cooperative advertising, market research, public relations, promotional campaigns, internet presence, internet marketing, marketing products and services, and to pay for other marketing, advertising, or promotion efforts. These materials, processes, and efforts will be designed to attract more students to visit and patronize Mathnasium centers and to generally promote and enhance the value of the marks and the general public's recognition and acceptance of them. These expenses may include payments to third party vendors that provide marketing products or services, or compensation of our in-house employees for time devoted exclusively to marketing efforts for the purpose of enhancing the marks and the general public recognition and acceptance of the marks. We also have the right to use up to 10% of the annual aggregate Marketing Fees collected to pay for our administrative expenses attributable to the administration of our marketing program, including to prorated portions of our accounting, human resources, and real estate expenses.

Marketing Fees will be deposited into our operating account, but administratively segregated in our records and as a result, are not audited. No interest is imputed for your benefit or paid to you. We will provide you (if requested in writing) with an unaudited statement of annual receipts and expenditures of Marketing Fees during the prior calendar year on or before each March 31. If we do not expend all Marketing Fees collected for one year, the amount remaining will be used in the future for such purposes. We are not required to spend any Marketing Fees in or near your center; but

Marketing Fees are spent to benefit all franchises, which may or may not include yours in a given calendar year. None of the Marketing Fees will be used primarily to sell Mathnasium franchises.

We will determine, in our sole discretion, the cost, form of media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving brand marketing, advertising, public relations, and promotional campaigns (Franchise Agreement, Section 5.3).

Mathnasium has no obligation in administering the Marketing Fees to make expenditures for you that are equivalent or proportionate to your contributions to these fees, or to ensure that any particular franchisee or center benefits directly or proportionately from the placement of marketing or promotion, or to ensure that marketing or promotion impacts or penetrates your territory. In 2012, the Marketing Fees were expended as follows:

Production (internal and external)	38%
Co-spend marketing activities	19%
Internet and media presence	13%
National math competition	5%
Marketing functionality in CRM	2%
Our administrative expenses	10%
Other (marketing systems, research, miscellaneous)	25%
Funds used in excess of collections	-12%
Total	100%

Advertising Information

The Franchise Agreement obligates you to vigorously promote the enrollment of students at your center at all times during the term of your Franchise Agreement. This includes your spending a minimum of \$4,500 in every 3 consecutive months on approved local marketing and advertising of your center for your center's first year of operation (although we recommend at least \$2,000 per month in the first year of operation), and a minimum of \$6,000 in every 3 consecutive months for your center's second or more years of operation.

Advertising Cooperatives (Franchisee Marketing Groups)

Mathnasium presently has one advertising cooperative. We have the right to designate groups of 2 or more Mathnasium centers as advertising cooperatives, and the rights to require such cooperatives to change, dissolve, merge, or terminate. If your center is or becomes located inside a cooperative's coverage area, you will be required to participate in and contribute your share to the cooperative's advertising or promotional programs.

We have the right to withdraw up to \$500 per month from your account to spend on local area, regional, or national marketing that is intended to benefit Mathnasium centers in your area up to an additional \$500 per month if 50% or more of the franchisees in the area covered by the program vote for such an increase. Any money we withdraw for such programs will be credited against your required monthly minimum advertising spending, and we will give you notice before we start withdrawing any money from your account to pay for a marketing program like this.

We do not currently have a formal franchisee council that advises us on advertising policies, but we do obtain input informally from franchisees.

Mathnasium must approve your signs that contain our marks before you may display them to the public. At a minimum, we will require you to use the marks in their proper form and color, as detailed in manuals.

On a regional or system-wide basis, we may impose an additional assessment on you and other affected franchisees for special designated advertising or promotional activities if Mathnasium franchisees owning a majority of all franchised centers that would be affected vote for such an additional assessment. This required participation in multi-area marketing programs is described in Section 5.3(b) of the Franchise Agreement.

You may develop advertising materials for your own use, at your own cost. However, we must approve, in writing, all advertising materials prior to use. We may require copies of some or all advertising pieces to be sent to Mathnasium. If you develop your own marketing or advertising intended for placement on the Internet or any other public computer network, you must obtain our prior written approval before using it. (You may use marketing and promotional material that Mathnasium has created without getting our prior written permission, so long as it has not been altered in any way.) You may not combine marketing and advertising for your center with marketing and advertising for any other program or business entity without our written permission. We assume no responsibility for any claims or damages arising from your marketing, advertising, or promotional activities.

The Mathnasium marks may only be used in Mathnasium approved artwork, layouts and creative material. All advertising must list the community name assigned to your center or, if you are advertising jointly with other centers, it must list all participating centers by the names assigned by us. If there are other communities included in your territory that your center may serve and that you want to identify in approved advertising and promotion of your center, you must obtain our prior written approval to do so. We have the right to subsequently withdraw approval of use of certain community names other than your assigned name.

Monthly Marketing Fees and any cooperative advertising contributions will only be used to promote the system to retail customers and promote the goodwill of the marks (Franchise Agreement, Section 5.3(c)).

Advertising on the Internet

You may not have an Internet site or presence, or offer or sell Mathnasium products or services through the Internet, except as authorized by us in the manuals or otherwise in writing. You may not advertise for students by social media or using related media or technology, except as authorized by us in writing. We may provide you with a presence on Mathnasium's master website. You must participate in any such website under our rules.

Technology System

You must use the Mathnasium centralized computer system (currently called "M2"), which will include point of sale functions to manage your business. You must use all required functionality of the centralized computer system. You must have a broadband connection to the Internet at your center to allow you to access the system and to communicate with us. You also must use hardware and software specified by us. We estimate that the initial cost of purchasing a computer system will be under \$2,500. The monthly technology fee covers the M2 system and is currently \$900 per year and is subject to increase. Over time, to continue to comply with your contractual requirement, you may need to upgrade or replace your computer due to normal wear and tear or obsolescence. There are

no contractual limitations on the frequency or cost of any repairs, or of any upgrade or replacement to your computer, but we estimate that your maintenance costs will be less than \$500 per year, and the purchase price of an upgrade or replacement to your computer would be under \$2,500. Through the M2 system, we can physically or electronically look at any data as it pertains to your business. We reserve the right for our employees or representatives to physically or electronically access and review any data in your accounting software as it pertains to your business. Mathnasium owns and maintains an exclusive right in all customer and business transaction data. Access to the M2 system is only granted after Mathnasium receives a completed electronic funds transfer (EFT) form, which authorizes electronic withdrawal of funds from a depository account for royalties and other fees.

Table of Contents of Manuals

The manuals contain 52 pages (plus at least 698 pages of supplemental guides relating to procedures). We will provide you with digital access to a copy of our manuals for franchisees and other applicable manuals during the relevant phases of the initial training program (Section IX, Franchise Agreement). You do not own any copies of or rights to the manuals and, to the extent that you print out or digitally retain material from them, we have the right to require you to destroy or return such material to us when your franchise is terminated. While Mathnasium retains the right to modify or change any materials, the following is the Table of Contents of our manuals for franchisees as of the date of this disclosure document:

Topic	Number of Pages
Introduction	10
The Pillars	4
Pillar 1: Great Environment	5
Pillar 2: Great People and Instruction	9
Pillar 3: Effective Marketing and Sales	6
Pillar 4: Customer Relationships	4
Pillar 5: Sound Business Management	14
Subtotal of Pages	52
Supplemental Guides	598
M2 Guide	100
Total Pages	750

ITEM 12: TERRITORY

You will receive an exclusive territory subject to the exceptions discussed below. You are granted the right to operate one center in the territory. You do not have options or rights of first refusal to open any additional centers within the territory. As long as you are in compliance with the minimum enrollment and gross receipts requirements discussed below, we will not establish another franchised, company-owned, or affiliate-owned Mathnasium center within your territory. Your territory will consist of the geographic area within the boundaries specifically described or depicted in Attachment 1 to the Franchise Agreement. Based upon the demographic data available to us, we will assign you a territory that we believe to contain at least 2500 children between the ages of 5 and 19 years at the time that you execute the Franchise Agreement. The actual location of your center must be inside of the territory’s boundaries and at least one-eighth (0.125) of a mile from the nearest boundary of the territory, but a greater distance is desirable. The size and boundaries of the territory will be determined by us based on population density, other demographic information available to us, and

other factors. We have the right to reconfigure your territory, which we may exercise in order to better reflect what we believe to be your center's target market after you establish your center's actual location, after you relocate your center, after a change to the geographic boundaries, zip codes, or demographic makeup of the area in which you have located your center, after our discovery of an inadvertent error in the creation of your territory, or after other events or for other reasons that may be additionally specified in our manuals. If we reconfigure your territory, we will make commercially reasonable efforts to maintain a demographic makeup in the reconfigured territory similar to the makeup before the reconfiguration.

Mathnasium and its affiliates will not open another center within the territory nor grant franchises to others to operate a learning center within the territory, subject to our reservation of rights. Mathnasium and our direct or indirect affiliates reserve the right to offer and award other types of franchises that are not directly competitive with your Mathnasium franchise and to (i) market and sell Mathnasium educational products and services through other channels of distribution anywhere (including in schools through distance learning, Webinars, and on the Internet); (ii) provide Mathnasium services to alternative customer types at locations other than Mathnasium learning centers (including low income students); (iii) use or allow others to use the marks, including the right to establish company owned centers outside of your territory; (iv) sell other products or services using the marks or not using the marks, if the product or service is not primarily a learning center (e.g. selling books); and (v) merge with, acquire, or be acquired by any business, including a competing business, even if that competing business is operating within the territory of any Mathnasium franchisees. Mathnasium is not obligated to pay you any compensation for soliciting or accepting orders for our services from customers inside your territory.

You may operate your center only at a location approved by Mathnasium, as specified in Section 1.3 of your Franchise Agreement. You may not teach students at sites other than your approved center location, including students' homes, prior to or after your center begins operation. We may require you and your landlord to sign an addendum to the lease for the center site, or another acceptable form of agreement, requiring the landlord to give Mathnasium written notice if you are in default of your center's lease and, in the case of such an event, allowing us the option to assume the lease. We must review and consent to the layout of each center. You must obtain our written permission before relocating your center. We will consider several factors, including demographic data and the proximity of other centers, in reviewing a request to relocate. You may relocate your center to another location within your territory if we consent to the new location. In no event may you or a transferee relocate your center to a new location that is outside of your territory. You may not establish any program using the system in any setting other than the approved location of your center, without our written approval. Such approval requires annual renewal.

Parents of students are free to enroll their children at the Mathnasium center of their choice, regardless of their or its location. There are no geographic restrictions on the students that you or other Mathnasium franchisees may serve. You will not market in any media format that primarily reaches outside your territory, without our prior written permission. The manuals may specify where you may and may not advertise with regard to each form of media you will use, such as postcards, newspapers, newsletters, and other forms of media. We may otherwise restrict marketing activities based on where targeted customers are known to reside, or are believed by us to reside. You may only conduct marketing activities outside of what is approved in the manuals with prior written approval from Mathnasium. We have exclusive rights to market on the Internet and on mobile devices, including texting, emails and social media, and you will not use these media formats except as we may authorize in writing. Similarly, when parents contact us, we may refer them to any one or more Mathnasium centers, regardless of franchisee ownership. We have no obligation to refer parents residing closest to your center or to you. Because you will not receive a territory that is completely exclusive due to the exceptions above, you may experience competition from other

channels of distribution that we own, and from us or other franchisees who have customers who live in your territory.



The continuation of your territorial exclusivity depends on your maintaining an enrollment of a minimum of 50 students after your 24th month of operation. Also after your 24th month of operation, your center must not fall below the 4th percentile of Mathnasium franchisees in the United States that have been open 12 months or longer, based on gross center revenue (Franchise Agreement, Section II). The continuation of your territorial exclusivity does not depend on you achieving any other sales volume, market penetration, or other contingency.

ITEM 13: TRADEMARKS

Our affiliate, Mathnasium LLC, owns and licenses to us, and grants us the right to sub-license to you the trademarks MATHNASIUM, MA+HNASIUM THE MATH LEARNING CENTER stylized (as shown on the front cover of this disclosure document), TriMathlon, and We Make Math Make Sense.

As used in this disclosure document and the Franchise Agreement, the term "mark" or "marks" includes our trademarks, trade names, service marks, logos, trade dress, commercial symbols, domain names, and similar related words or symbols, designated by Mathnasium from time to time to identify centers and the goods and services offered in them. The principal marks include those that you will use to identify the franchised business.

The following are descriptions of the principal marks that we will license to you:

REGISTRATION OR SERIAL NUMBER	DESCRIPTION OF MARK	PRINCIPAL OR SUPPLEMENTAL REGISTER OF THE UNITED STATES PATENT AND TRADEMARK OFFICE	REGISTRATION DATE
3927713	MATHNASIUM	Principal (Class 35)	August 3, 2011
3869774	MATHNASIUM	Principal (Class 41)	November 2, 2010
3443806		Principal (Class 41)	June 10, 2008
3443807		Principal (Class 35)	June 10, 2008
4,194,612	TriMathlon	Principal (Class 16)	August 21, 2012
4,198,474	We Make Math Make Sense	Principal (Class 41)	August 28, 2012

All required affidavits have been filed.

Our affiliate, Mathnasium LLC, has also obtained trademark registrations in other countries.

You must follow our rules when you use the marks as described in the Franchise Agreement and in the manuals. You cannot use the word "Mathnasium" or our marks as part of a corporate name or with modifying words, designs or symbols. We will assign you a single descriptive community name to be

used with the Mathnasium mark to identify your center. You may not use our registered name in the sale of unauthorized products or services or in a manner not authorized in writing by Mathnasium.

There are presently no effective determinations of the United States Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator, or any court, nor any pending interference, opposition, or cancellation proceedings involving the above-referenced marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of marks that are material to the franchise, except for the Trademark License Agreement between Mathnasium LLC and us, effective as of September 30, 2003, which grants us the nonexclusive right to use and sublicense the use of the marks in the United States. The Trademark License Agreement is for an indefinite term, and will remain in effect until terminated by either party upon 180 days' notice. If the License Agreement is terminated, you may be required to stop using the marks. There are no infringing uses or superior previous rights known to Mathnasium that can materially affect your use of the marks in any state in which the franchised business is to be located. There is no known pending material federal or state court litigation regarding our use or ownership rights in any mark. All required affidavits have been filed.

Mathnasium has the right to control any administrative proceedings or litigation involving a mark licensed to you by Mathnasium. You must notify Mathnasium promptly when you learn about an alleged infringement, unfair competition, or challenge to your use of our marks. We then will promptly take the action we think appropriate. Mathnasium must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the marks. Mathnasium will have no obligation to defend or indemnify you if the claim against you relates to your use of the marks in violation of the Franchise Agreement.

If you learn of any third-party using the marks that you believe is not authorized to use the marks or any variant of them, you must promptly notify us within 24 hours. Mathnasium will determine whether or not we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against an alleged infringer for the infringement of our marks.

You must modify or discontinue the use of a mark if Mathnasium modifies or discontinues it. You must not directly or indirectly contest our rights to our marks, trade secrets, or business techniques that are part of our business.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We hold no patents. Mathnasium LLC holds common law copyrights for elements of the system, including worksheets used in the system and diagnostic tests, achievement tests, record sheets, progress charts, answer books, and instruction manuals that we provide to franchisees for use in their centers, but none of these have been registered with the Copyright Office.

You may use the copyrighted materials only for the registered students of your center under the terms of the Franchise Agreement and while the Franchise Agreement is effective.

While the Franchise Agreement does not obligate us to do so, Mathnasium intends to enforce these copyrights against any infringement where we see fit. You must report any infringement of the copyrights that you find out about promptly (within 24 hours), and you must cooperate in stopping the infringement (at our expense). We do not know of any infringing uses of our copyrights that could materially affect your use. Additionally, there are no pending interference, opposition or cancellation proceedings; no other pending litigation involving the copyrights; and no agreements currently in

effect which materially limit our rights to use or license others to use this copyright. We have no obligation to defend or indemnify you against a challenge to your use of our copyrighted materials.

Confidential Information

During and after the term of the Franchise Agreement, you may not disclose any of Mathnasium's confidential information that you obtained as a result of the franchise. Confidential information includes (but is not limited to) the manuals, system, customer data, and any data or procedures to which you would not have had access if you were not a Mathnasium franchisee.

You (this includes your center director, equity owners and their spouses or legal domestic partners and anyone else who attends any initial or follow-up training program) must sign a Confidentiality/Non-Competition Agreement (Attachment 3 or Attachment 4 to the Franchise Agreement) prior to attending your first Mathnasium training session. All of your assistants, instructors and other employees must sign a Confidentiality/Non-Competition Agreement (Attachment 5 to the Franchise Agreement) prior to starting employment. The signed Agreements must be kept in each employee's personnel file, and a copy of each such document must be sent to Mathnasium Headquarters.

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

You or one of your principals is required to personally participate in the management and direct operation of the franchise on a full-time basis regardless of whether you have a designated Center Director employee. It is our intention to select only those franchisees whose principals plan to actively participate in the direct operation and daily affairs of the franchise. Mathnasium is not seeking to license franchisees if the principals of these franchisees are merely seeking a passive investment. Additionally, as required by section 1.2 of the Franchise Agreement, you must act as or employ a center director for the center. The name of the center director must be disclosed to us and should the center director change, we must be notified in writing. The center director must successfully complete the initial training program or the center director training program (which they may attend if they were previously an instructor at a Mathnasium center for at least 6 months), and also the apprenticeship training program if the center director does not have previous experience as a Mathnasium instructor. The center director must devote his or her entire time during normal retail business hours to the management, operation, and development of the franchise business at the center. The center director also must maintain confidentiality of the information described in Item 14, and comply with the covenants not to compete described in Item 17. A live person must answer the Center telephones during the minimum hours of 10 am to 3 pm Monday through Friday.

If the franchisee is an entity, all owners of the entity must personally guarantee the franchisee's obligations under the Franchise Agreement, including agreeing to be bound by, and personally liable for the breach of, every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the preservation of the confidentiality of our confidential information as defined in the Franchise Agreement and compliance with the covenants not to compete described in Item 17. The Guaranty and Assumption of Obligations that each owner must sign is attached to the Franchise Agreement as Attachment 7.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only Mathnasium programs, and only in accordance with the system. We must pre-approve the use of any additional services, programs or products that you develop for your

center. If we approve such items, you may use them only in your center. You may not sell or otherwise distribute the items to other Mathnasium franchisees or to any other person or entity without our written permission. We have the right, but no obligation, to make such items part of the system. If we do so, we may compensate you for your development of the items in an amount that we deem appropriate at our sole discretion, and, if we deem it desirable, you will sign documents to confirm our ownership of the items. Whether or not we approve these items or make them part of the system, you may not copyright or trademark any items arising from the operation of your center or from the use of our confidential information. We have the right to copyright or trademark any items developed by you or your employees in our name. You must follow Mathnasium's procedures faithfully.

Providing services under the federal No Child Left Behind Act is not permitted by Mathnasium. Offering programs at your center through another company, whether that company is owned by you or by someone else, is not permitted without prior written approval from Mathnasium. We will rarely provide such approval, as alternate programs cause brand confusion.

We reserve the right to set maximum franchisee prices, prices in price promotions, pricing methodology and form, and actual or minimum prices, each to the extent permitted by law.

You may not use the system or the marks anywhere except at your center location designated in the Franchise Agreement, unless you receive our specific written approval for operating at another location(s). You may not teach at any site other than your approved center location. You may not distribute any of Mathnasium's products or sources over the Internet or any other computer network. There is no geographic restriction on the students who may enroll at your center. However, you may not advertise for students in any media read primarily outside your territory except as authorized by us in the manuals. The manuals may specify where you may and may not advertise with regard to each form of media you will use, such as postcards, newspapers, newsletters, and other forms of media. We may otherwise restrict marketing activities based on where targeted customers are known to reside, or are believed by us to reside. You may only conduct marketing activities outside of what is approved in the manuals with prior written approval from Mathnasium.

We have the unlimited right to change the programs, services and products that your center is authorized to offer, and you must abide by these changes.

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

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	14.1	5 years.
b. Renewal or extension of the term	14.3	If you are in good standing, you can execute successor Franchise Agreement for additional 5-year terms. There is no fee for renewal.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	14.1-14.3	Renewal conditions include the following: full compliance with Agreements, no more than one written notice of default from us during any calendar year; satisfactory record of customer Service and of compliance with our operating standards; sign our General Release form (Attachment 2 to the Franchise Agreement); and sign our then-current form of successor Franchise Agreement. The successor Franchise Agreement may contain terms and conditions that are materially different from the current Franchise Agreement.
d. Termination by you	15.5	You have the right to terminate at any time if Mathnasium commits a material breach of the Franchise Agreement and such breach is not cured within 30 days.
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	4.1, 15.1-15.3	See g. and h. below.
g. "Cause" defined - curable defaults	15.1 - 15.3	You have 10 days to cure a monetary default and 30 days to cure any default other than those identified in h. below.
h. "Cause" defined - non-curable defaults	15.1, 15.3	Non-curable defaults: misrepresentations or material omissions in franchise application, misrepresentations made by you in reporting center performance, you commit to a site before getting our approval, failure to open the center within 6 months without an extension from us in writing; abandonment of the center, conviction of or pleading no contest to a crime, underreporting, relocating without permission, piracy of intellectual property, unauthorized transfer, repeated defaults even if cured, failure to maintain minimum enrollment levels or minimum gross receipts, violation of system behavior standards, violations of law, and appointment of a trustee or receiver.
i. Your obligations on termination or non-renewal	15.4	Obligations include complete de-identification of center, cease using the System and Marks (including advertising, internet usage and signs), payment of amounts due (including payment of base fee for the remainder of the term of the Franchise Agreement), return or destruction of manuals and information related to the system; notification to parents and repayment of prepaid services, notification to landlord, transfer of telephone numbers, directory listings, e-mail addresses, domain names, Internet accounts, customer data and business records.
j. Assignment of contract by Mathnasium	XIX	We are entitled to transfer our rights and/or to delegate performance of our obligations under the Franchise Agreement, provided that the transfer does not materially increase your obligations.

Provisions	Section in Franchise Agreement	Summary
k. "Transfer" by you – definition	18.1-18.9	Transfer as a verb means to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in the Franchise Agreement, any interest in the center, or (if you are a corporation or other entity) any ownership interest in any entity that is the franchisee. Transfer as a noun means any of these sales, assignments, etc.
l. Mathnasium's approval of transfer by you	18.1	You may transfer only upon Mathnasium's prior approval and written consent.
m. Conditions for Mathnasium's approval of transfer by you	18.2 and 18.3	<p><u>TRANSFER OF ENTIRE BUSINESS – TENTATIVE APPROVAL</u></p> <p>If you propose to transfer your entire center business, you must give us notice and all relevant information (unless the majority equity interest in the proposed transferee is owned by you, or waived by Mathnasium in writing); your center must have been open for at least 6 months; and you must be in compliance with all of your obligations to Mathnasium. We will have a reasonable time to evaluate whether to give tentative approval of the transfer. If we give tentative approval of the transfer, we will allow the proposed transferee into our initial training program. However, you may not complete the transfer until you have received our final approval in writing.</p> <p><u>TRANSFER OF ENTIRE BUSINESS – FINAL APPROVAL</u></p> <p>Before Mathnasium will give its final approval of a transfer (unless the majority equity interest in the proposed transferee is owned by you, or waived by Mathnasium in writing), the proposed transferee must, among other things, demonstrate to Mathnasium's satisfaction that he or she meets all of our current requirements for becoming a Mathnasium franchisee, successfully completing our initial training program; sign our then-current form of Franchise Agreement; and make arrangements to upgrade the center.</p> <p>If the proposed transferee is one of Mathnasium's other franchisees, he or she must (1) meet our requirements for a second center, (2) not be in default under his or her agreements with Mathnasium, (3) have a good record of student service and compliance with Mathnasium's operating standards, and (4) demonstrate a financial and operational plan for the additional center. If the transferee is a corporation or other entity, the entity's principal owners must execute the current Franchise Agreement).</p>

Provisions	Section in Franchise Agreement	Summary
		<p>You and your owners must: sign a general release in favor of Mathnasium; provide us with written notice that the landlord has agreed to the transfer of the lease for the center to your transferee; and pay off any promissory note you owe to Mathnasium. You must pay us a transfer fee of \$6,000. No transfer fee is payable if the transfer is to a corporation or limited liability company that is owned by all or a majority of your owners.</p> <p>Some of these conditions apply to a transfer that does not involve your entire business; see Section 18.5 of the Franchise Agreement.</p>
n. Mathnasium's right of first refusal to acquire your business	Not Applicable	Not Applicable.
o. Mathnasium's option to purchase your business	Not Applicable	Not Applicable.
p. Death or disability of an individual franchisee	18.7	The executor, administrator, personal representative or Trustee must apply to Mathnasium in writing within three months for consent to transfer the person's interest to his or her heir, beneficiary, devisee, or other successor. We may (but are not obligated to) operate the Center until a successor completes initial training.
q. Non-competition covenants during the term of the franchise	16.1	You, your directors and instructors must not be involved in a competing business without our prior written consent. Competing business means any business that offers math education or that offers to children any academic instruction, self-guided instruction, tutoring, test preparation, or other supplemental educational services.
r. Non-competition covenants after the franchise is terminated or expires	16.2, 16.3	You may not be involved in a competing business for 1 year after termination or expiration if the competing business is within 50 miles of your center or of any center. For 2 years, you may not contact any Mathnasium students for the purpose of enrolling them in any other supplemental education program.
s. Modification of the agreement	23.6	Modifications must be in writing and signed by authorized representatives of each party, except for Mathnasium's right to change the manuals.
t. Integration/merger clause	23.5	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	20.1 – 20.5	Except for certain claims, the parties agree in the Franchise Agreement to first submit disputes initially to mediation. If the mediation is unsuccessful, the disputes must then be arbitrated before one arbitrator.

Provisions	Section in Franchise Agreement	Summary
v. Choice of forum	20.3, 20.5(c)	Mediation and arbitration will take place in the county of our headquarters, currently Los Angeles County, California. Litigation may take place at an appropriate court where our headquarters is located, subject to state law.
w. Choice of law	21.1	Federal law governs trademark issues. Otherwise, California law governs the Franchise Agreement and the legal relationship between you and us.

ITEM 18: PUBLIC FIGURES

We currently do not use any public figure to promote the sale of our franchises; however we reserve the right to do so at our discretion.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATION

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 to be 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 outlet or under particular circumstances.

The following is a historic financial performance representation for the period from January 1, 2012 through December 31, 2012, and for the period from January 1, 2011 through December 31, 2011. It includes average annual Gross Receipts of Mathnasium’s existing centers that had been open for 12 months or longer as of December 31, 2012 or December 31, 2011, respectively, broken down by quartiles. “Gross Receipts” means the monthly gross receipts from all sources in the operation of a Mathnasium center, including student tuition, registration and testing fees, sales of learning materials, hourly per student private tutoring, and any other approved services. “Gross Receipts” excludes only sales tax receipts that you must by law collect from customers and that you pay to the government, any customer refunds actually paid, and coupons or promotional discounts approved by us.

As of December 31, 2012, we had 332 franchised Mathnasium Centers in operation. Of the 332 franchised Mathnasium Centers, 71 were not included in this financial performance representation because they had not been open for 12 months or longer as of December 31, 2012. In addition, an additional 6 Mathnasium Centers who had been open for at least 12 months were not included because they had not reported their Gross Receipts to us for the full 12 month period.

As of December 31, 2011, we had 284 franchised Mathnasium Centers in operation. Of the 284 franchised Mathnasium Centers, 71 were not included in this financial performance representation because they had not been open for 12 months or longer as of December 31, 2011. In addition, an additional 19 Mathnasium Centers who had been open for at least 12 months were not included because they had not reported their Gross Receipts to us for the full 12 month period.

Mathnasium Centers may not mature until they are at least 24 to 36 months old. As of December 31, 2012, 58% of Mathnasium centers had been open 24 or fewer months. As of December 31, 2011, 47% of Mathnasium Centers had been open 24 or fewer months.

TOP 25% OF CENTERS BY GROSS RECEIPTS	MID-UPPER 25% OF CENTERS BY GROSS RECEIPTS	MID-LOWER 25% OF CENTERS BY GROSS RECEIPTS	BOTTOM 25% OF CENTERS BY GROSS RECEIPTS
CATEGORY AVERAGE GROSS RECEIPTS			
\$299,294	\$178,035	\$124,441	\$68,472
NUMBER OF CENTERS MEETING OR EXCEEDING AVERAGE FOR CATEGORY			
25 or 39% of 64 Centers in Top 25%	33 or 52% of 64 Centers in Mid-Upper 25%	33 or 52% of 64 Centers in Mid-Lower 25%	33 or 52% of 63 Centers in Bottom 25%
GROSS RECEIPTS OF TOP 10 CENTERS IN CATEGORY			
\$569,658	\$206,135	\$154,470	\$97,035
535,883	206,005	150,631	94,464
498,664	205,105	150,347	94,209
477,533	202,392	150,199	93,735
476,390	200,650	148,783	93,222
468,040	200,237	148,301	92,005
421,572	199,576	145,796	91,864
409,154	199,355	145,341	90,100
398,218	199,092	144,979	89,726
368,327	198,957	143,057	89,598

TOP 50% OF CENTERS BY GROSS RECEIPTS	\$238,664
Number of centers in top 50% meeting or exceeding the average of the top 50%	47 or 37% of 128 Centers included in average
BOTTOM 50% OF CENTERS BY GROSS RECEIPTS	\$96,677
Number of centers in bottom 50% meeting or exceeding the average of the bottom 50%	65 or 51% of 127 Centers included in average

The above annual averages of Gross Receipts for franchised Mathnasium Centers open at least 12 months and reporting throughout the year shown was calculated by us based on reports on Gross Receipts furnished to Mathnasium by its franchisees. It is important to note that neither the submitting franchisees nor Mathnasium audited this information.

As a new franchisee, your financial results will likely differ from the results described above and those differences may be material. Your results may also vary significantly from those shown above depending on a number of other factors, including the location of your center; the nature and extent of your competition; whether your geographic area has a greater or lesser demand for Mathnasium services; the skill, experience and business acumen of your management and staff; local economic conditions; and how long you have operated your center. Centers may not mature until their 24th to 36th month of operation or later.

Some centers have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

The financial information in the above tables shows only historic gross receipts of franchised Mathnasium centers. The financial information above does not reflect the costs of sales, operating expenses, or other costs or expenses that you will incur and that must be deducted from the gross receipts to obtain your net income or profit.

Mathnasium will make written substantiation of the data used in preparing the information above available to you upon reasonable request.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

[Table No. 1]
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2010 TO 2012

Outlet Type	Year	Outlets Operating at the Start of the Year	Outlets Operating at the End of the Year	Net Change
Franchised	2010	182	226	+44
	2011	226	284	+58
	2012	284	332	+48
Company-Owned	2010	1	1	0
	2011	1	1	0
	2012	1	3	+2
Total U.S. Outlets	2010	183	227	+44
	2011	227	285	+58
	2012	285	335	+50

[Table No. 2]
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR YEARS 2010 TO 2012

State	Year	Number of Transfers
Alabama	2010	0
	2011	1
	2012	0
Arizona	2010	1
	2011	1
	2012	3
California	2010	2
	2011	1
	2012	5
Georgia	2010	0
	2011	1
	2012	0
Kansas	2010	1
	2011	0

State	Year	Number of Transfers
	2012	0
Michigan	2010	0
	2011	0
	2012	1
Minnesota	2010	0
	2011	1
	2012	0
North Carolina	2010	1
	2011	1
	2012	0
Ohio	2010	1
	2011	1
	2012	1
South Carolina	2010	0
	2011	0
	2012	1
Tennessee	2010	3
	2011	2
	2012	0
Texas	2010	2
	2011	2
	2012	0
Utah	2010	0
	2011	0
	2012	1
Virginia	2010	0
	2011	0
	2012	0
Washington	2010	1
	2011	0
	2012	0
TOTALS	2010	12
	2011	11
	2012	12

[Table No. 3]

STATUS OF FRANCHISED OUTLETS FOR YEARS 2010 TO 2012

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets Operating at End of the Year
Alabama	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets Operating at End of the Year
	2012	3	1	0	0	0	0	3
Arizona	2010	12	0	0	0	0	0	12
	2011	12	1	0	0	0	1	12
	2012	12	0	0	0	0	0	12
California	2010	50	7	1	0	0	0	56
	2011	56	7	3	0	0	1	59
	2012	59	12	2	0	2	4	65
Colorado	2010	5	2	1	0	0	0	6
	2011	6	2	0	0	0	0	8
	2012	8	2	0	0	0	0	10
Connecticut	2010	0	0	0	0	0	0	0
	2011	0	2	0	0	0	0	2
	2012	2	3	0	0	0	0	5
Delaware	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Florida	2010	6	2	0	0	0	0	8
	2011	8	5	1	0	0	1	11
	2012	11	5	0	0	0	0	16
Georgia	2010	8	2	0	0	0	1	9
	2011	9	4	0	0	0	0	13
	2012	13	1	0	0	0	1	13
Hawaii	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	1	1
Illinois	2010	2	7	0	0	0	0	9
	2011	9	3	0	0	0	0	12
	2012	12	2	0	0	0	0	14
Indiana	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	1	0	0	0	0	3
Iowa	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Kansas	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	2	0	0	0	1	3
Kentucky	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets Operating at End of the Year
Louisiana	2010	4	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	0	0	0	0	1	4
Maryland	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
Massachusetts	2010	1	2	0	0	0	0	3
	2011	3	1	0	0	0	0	4
	2012	4	0	0	0	0	0	4
Michigan	2010	4	2	0	0	0	1	5
	2011	5	6	0	0	0	0	11
	2012	11	2	0	0	0	0	13
Minnesota	2010	5	4	0	0	0	0	9
	2011	9	4	0	0	0	0	13
	2012	13	2	0	0	0	0	15
Mississippi	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Missouri	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
Nebraska	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	1	0
	2012	0	0	0	0	0	0	0
Nevada	2010	2	1	0	0	0	1	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	1	1
New Hampshire	2010	0	1	0	0	0	1	0
	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
New Jersey	2010	8	2	0	0	0	0	10
	2011	10	3	0	0	0	0	13
	2012	13	2	0	0	0	1	14
New Mexico	2010	1	0	1	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
New York	2010	2	2	0	0	0	0	4
	2011	4	6	0	0	0	0	10
	2012	10	7	0	0	0	0	17
North Carolina	2010	12	1	0	0	0	0	13
	2011	13	2	0	0	0	1	14
	2012	14	0	0	0	0	0	14

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets Operating at End of the Year
Ohio	2010	3	0	1	0	0	1	1
	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	1	2
Oklahoma	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
Oregon	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	0	3
Pennsylvania	2010	3	0	0	0	0	0	3
	2011	3	2	0	0	0	0	5
	2012	5	1	0	0	0	0	6
South Carolina	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	1	0	0	0	1	2
Tennessee	2010	5	0	0	0	0	0	5
	2011	5	2	0	0	0	0	7
	2012	7	2	0	0	0	0	9
Texas	2010	21	11	0	0	0	0	32
	2011	32	6	0	0	0	1	37
	2012	37	9	0	0	0	0	46
Utah	2010	1	1	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	2	0	0	0	0	5
Virginia	2010	2	2	0	0	0	0	4
	2011	4	3	0	0	0	0	7
	2012	7	3	0	0	0	0	10
Washington	2010	8	1	0	0	0	0	9
	2011	9	1	0	0	0	1	9
	2012	9	1	0	0	0	2	8
Wisconsin	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
U.S. Totals	2010	182	53	4	0	0	5	226
	2011	226	69	4	0	0	7	284
	2012	284	67	2	0	2	15	332

[Table No. 4]

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2010 TO 2012

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Awarded to Franchisees	Outlets at End of the Year
California	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
	2012	1	0	2	0	0	3
Totals	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
	2012	1	0	2	0	0	3

[Table No. 5]

PROJECTED OPENINGS AS OF DECEMBER 31, 2012

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	2	2	0
California	3	6	3
Colorado	0	1	0
Connecticut	3	4	0
Florida	7	6	0
Georgia	2	3	0
Illinois	8	12	0
Indiana	1	1	0
Louisiana	2	1	0
Maryland	2	2	0
Massachusetts	0	2	0
Michigan	1	1	1
Minnesota	1	2	0
Missouri	0	1	0
New Hampshire	1	1	0
New Mexico	1	0	0
New Jersey	5	7	0
New York	3	6	0
Ohio	1	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	2	0
South Carolina	1	1	0
Tennessee	0	1	0
Texas	7	10	0
Utah	2	2	0
Virginia	5	8	0
Washington	0	1	0
TOTAL	58	89	4

Exhibit A-1 lists the names of all franchises and the address and telephone numbers as of February 26, 2013. An additional 14 units opened after December 31, 2012.

Exhibit A-2 lists the contact name, city and state, and telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the unit franchise agreement in the fiscal year ended December 31, 2012; every franchisee who sold their franchise to a new owner during the fiscal year ended December 31, 2012; and every franchisee who has not communicated with us within the ten week period ending February 26, 2013. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees as a result of settlement agreements or that restrict their ability to speak with current and former franchisees.

Mathnasium has not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Mathnasium franchise system being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to this disclosure document contains our audited financial statements for the fiscal years ending December 31, 2012, 2011, and 2010.

ITEM 22: CONTRACTS

Exhibit C - Franchise Agreement

Attachments to Franchise Agreement:

- Attachment 1: Territory
- Attachment 2: General Release
- Attachment 3: Confidentiality/Non-Competition Agreement –Owners/Officers/Managers
- Attachment 4: Confidentiality /Non-Competition Agreement – Center Directors
- Attachment 5: Confidentiality/ Non-Competition Agreement - Employees
- Attachment 6: Schedule of Owners, Officers and Managers
- Attachment 7: Guaranty and Assumption of Obligations
- Attachment 8: Conditional Assignment of Telephone and Directory Listings
- Attachment 9: Electronic Funds Transfer Authorization Form
- Attachment 10: Statement of Prospective Franchisee

Exhibit E - State Addenda (if applicable for your state)

Exhibit F - Promissory Notes for Additional Centers

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit H at the very end of this disclosure document.

EXHIBITS A-1

OPEN FRANCHISEE LIST AS OF DECEMBER 31, 2012

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Steven Frazier	51 Nance Road, Suite 101	Madison	AL	35758	(256) 430-4053
Sharon Pursley	2045 Cecil Ashburn Drive at Bailey Cove, Four Mile Offices, Suite 100	Huntsville	AL	35802	(256) 885-0886
Monica Virgil	3457 Malcolm Drive	Montgomery	AL	36117	(334) 356-1570
Melissa Hardison	4730 E. Indian School Rd., Ste 107	Phoenix	AZ	85018	(602) 957-4500
Miles Overholt and Devi Paolillo	7850 N. Silverbell Road, Suite #162	Tucson	AZ	85743	(520) 407-6284
Richard Davis and Jeanie Davis	18471 East Queen Creek Rd, Suite 104	Queen Creek	AZ	85142	(480) 279-3122
Kevin Kemper	1219 E. Glendale Ave., Suites 2 & 4	Phoenix	AZ	85028	(602) 795-6668
Rick Davis and Jeanie Davis	1152 N. Power Road, Suite 103	Mesa	AZ	85205	(480) 325-6284
Carter Groves and Lynette Groves	1345 East Chandler Blvd, Suite 1-201	Phoenix	AZ	85048	(480) 460-6677
Larry Schatt	538 S. Gilbert Rd. Ste. 107	Gilbert	AZ	85296	(480) 782-7987
Sonal Arora and Rikhit Arora	4040 S. Arizona Ave, Ste 13	Chandler	AZ	85248	(480) 895-6700
Voyze (Gabe) Harris	4777 East Sunrise Drive, Suite #127	Tucson	AZ	85718	(520) 529-7179
Lynette Groves and Carter Groves	10810 E. Via Linda, Suite 115	Scottsdale	AZ	85259	(480) 767-6284
Dave Franek	3875 West Ray Rd., Suite #12	Chandler	AZ	85226	(480) 782-1924
Rangu Mandyam	630 Lindero Canyon Road	Oak Park	CA	91377	(818) 735-0007
Scott Rubin	247 Shoreline Hwy Ste A3	Mill Valley	CA	94941	(415) 384-8272
Heather Larrabee	9630 Bruceville Rd, Ste 107	Elk Grove	CA	95757	(916) 686-1234
Jennifer Pudewell and Jeff Pudewell	981 Governor Drive, #104	El Dorado Hills	CA	95762	(916) 673-9119
Cathy Umana	605 Cambridge Ave., Suite A	Menlo Park	CA	94025	(650) 321-6284
Samir (Sam) Younis and Abigail Marateck	5164 Wilshire Blvd	Los Angeles	CA	90036	(323) 643-9100
Revone Bauwens	34-580 Monterey Ave. Ste 102	Palm Desert	CA	92211	(760) 328-6284
Leena Shah	915 West El Camino Real	Sunnyvale	CA	94087	(408) 940-6284
Nancy Bugwadia and Kobad Bugwadia	2510 West El Camino Real	Mountain View	CA	94040	(650) 941-6284

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Paul Walker and Leslie Walker	731 W. San Marcos Blvd., Suite 120	San Marcos	CA	92078	(760) 471-6284
Narbeh Harutunian and Sarin Haroutounian	3430 Ocean View Blvd, Ste A	Glendale	CA	91208	(818) 248-6284
Lena Ayvazian and Talin Haroutounian	3430 Ocean View Blvd, Ste A	Glendale	CA	91208	(818) 248-6284
Peter Pardini	2950 E. Nees #107	Fresno	CA	93720	(559) 840-6578
Deric Do and Clare Jin	2189 Monterey Hwy. #260	San Jose	CA	95125	(408) 298-5100
Harry Tom	1103 Sartori Street	Torrance	CA	90501	(310) 328-6284
Kobad Bugwadia and Nancy Bugwadia	2511 South Winchester Boulevard	Campbell	CA	95008	(408) 374-6284
Matthew Phu and Karen Phu	1740-A Aviation Blvd	Redondo Beach	CA	90278	(310) 543-6284
Mark Yutan and Hamilton Yutan	1109 Fair Oaks Ave.	South Pasadena	CA	91030	(626) 532-7587
Shelley Sordo and Bryon Sordo	2508 Oakdale Rd., Suite 10	Modesto	CA	95355	(209) 551-6284
Matthew Phu and Karen Phu	1882 1/2 Pacific Coast Highway	Redondo Beach	CA	90277	(310) 543-6284
Reha Modi	2632 Wilshire Bl.	Santa Monica	CA	90403	(310) 829-7283
Craig Boggs and Angelica Boggs	24502 3/4 Lyons Ave.	Valencia	CA	91321	(661) 255-6284
Glenn Creswell	3555 Rosecrans St. Suite 110B	San Diego	CA	92110	(619) 224-6284
Ara Chakrabarti	2250 Oak Grove Road	Walnut Creek	CA	94598	(925) 930-9400
Kip Fisher	18585 Brookhurst Street	Fountain Valley	CA	92708	(714) 593-1500
Paul Walker and Leslie Walker	1880 Marron Rd., Suite 102	Carlsbad	CA	92008	(760) 434-3800
Kapil Mathur	27281 La Paz Road, Suite L	Laguna Niguel	CA	92677	(949) 360-6284
Ara Chakrabarti	3435 Mt. Diablo Blvd, Suite 200	Lafayette	CA	94549	(925) 283-4200
Divya Sharma	7723 Amador Valley Blvd.	Dublin	CA	94568	(925) 828-6284
Jennifer Krull and David Krull	1375 Blossom Hill Rd. #57	San Jose	CA	95118	(408) 267-6284
Rangu Mandyam	1321 E. Thousand Oaks Blvd., Suite 124	Thousand Oaks	CA	91362	(805) 777-8403
Clay Brown*	24331 Muirlands Blvd., Suite C	Lake Forest	CA	92630	(949) 770-6284
Ara Chakrabarti	4725 First Street, Suite 235	Pleasanton	CA	94566	(925) 462-8411
Kapil Mathur	1051 Avenida Pico, Suite A	San Clemente	CA	92673	(949) 481-6284

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Rakesh Batra and Geeta Batra	4237 Campus Drive, Ste. 163	Irvine	CA	92612	(949) 608-7331
Ravi Pillai	1035 S. De Anza Blvd.	Cupertino	CA	95129	(408) 973-8281
Ara Chakrabarti	2240 Camino Ramon, Suite 120	San Ramon	CA	94583	(925) 806-0600
Kapil Mathur	1701 Corporate Dr.	Ladera Ranch	CA	92694	(949) 429-3020
Phil LeBlanc and Melissa LeBlanc	5655 E. La Palma Avenue, #130	Anaheim	CA	92807	(714) 970-6284
Doug Wolf	884 Eastlake Parkway, Suite 1623	Chula Vista	CA	91914	(619) 600-3993
Jean Friedrich and James Friedrich	7451 Foothills Blvd., Ste. 150	Roseville	CA	95747	(916) 780-0333
Peter Pardini	6021 N. Palm Ave.	Fresno	CA	93704	(559) 449-0104
Joyce Ching	2253 Harbor Bay Parkway	Alameda	CA	94502	(510) 836-1919
Mila Shainsky	9873 Carmel Mountain Road	San Diego	CA	92129	(858) 578-2862
Mark Yutan and Hamilton Yutan	900 Valley View Ave., Suite 4	Pasadena	CA	91107	(626) 510-6284
Kapil Mathur	32411 Golden Lantern, Suite Q	Laguna Niguel	CA	92677	(949) 388-6555
Scott Householder	31093 Temecula Parkway (Hwy 79 South), Suite E	Temecula	CA	92592	(951) 303-6284
Kapil Mathur	1132 E. Katella Ave., #A-14	Orange	CA	92867	(714) 538-0700
Elias Pappas and Denise Pappas	17814 Chatsworth Street	Granada Hills	CA	91344	(818) 368-8249
Josh Wallman and Carolyn Luu	4660 Natomas Blvd., Suite 130	Sacramento	CA	95835	(916) 928-8998
Tommy Najarian	6690 Mission Gorge Rd., Suite Q	San Diego	CA	92120	(619) 281-6284
Jennifer Pudewell and Jeff Pudewell	1177 Riley Street	Folsom	CA	95630	(916) 983-6222
John Latiolait	1947 W. Malvern Ave	Fullerton	CA	92833	(714) 879-6284
Mary Wall and Lily Yu	1910 W. Burbank Blvd.	Burbank	CA	91506	(818) 842-6284
Elmer Chiang and Louella Chiang	101 West American Canyon Rd, Ste 518	American Canyon	CA	94503	(707) 557-6284
Angela John*	2275 Westwood Blvd.	Los Angeles	CA	90064	(310) 475-2222
Trang Lukoff	255 E. Imperial Highway, Unit D	Brea	CA	92821	(714) 529-6284
Sarin Haroutounian and Talin Haroutounian	649 Foothill Blvd.	La Cañada Flintridge	CA	91011	(818) 790-6284
Sandy Cholid and Lenny Christine	11460 Kenyon Way Ste 105	Rancho Cucamonga	CA	91701	(909) 758-0777

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Hamilton Yutan and Mark Yutan	1790 W Garvey Ave, Unit B	Monterey Park	CA	91754	(626) 888-9498
Rene Tsang	618 4th St	Davis	CA	95616	(530) 756-0123
Trang Lukoff	2020 S. Brea Canyon Rd. #A3	Diamond Bar	CA	91765	(888) 316-6284
Matthew Olson and Jane Kim	12 S. Hillview Dr	Milpitas	CA	95035	(408) 263-0123
Sacha Sorrell*	14452 Ventura Blvd	Sherman Oaks	CA	91423	(818) 380-0169
Barbara Abts	14051 Newport Ave. Ste. B	Tustin	CA	92780	(714) 731-1700
Chandra Hindocha	4762 Lincoln Ave.	Cypress	CA	90630	(714) 995-6284
Bernard Douthit	2500 E. 6th Avenue, Suite B	Denver	CO	80206	(303) 333-6284
Allison Shride	11211 S. Dransfeldt Rd. Ste 149	Parker	CO	80134	(303) 840-1184
Bernard Douthit and Debbie Manson	6787 S. Clinton St., Unit B	Greenwood Village	CO	80112	(720) 474-1878
Richard Holmes	740 Village Center Drive	Colorado Springs	CO	80919	(719) 265-6284
Reggie Kellum	2733 Council Tree Ave, Suite 107	Fort Collins	CO	80525	(970) 221-1432
Debra Wolfe	13644 Orchard Pkwy Ste 700	Westminster	CO	80023	(303) 280-6284
Viswanath Krishnan and Meena Krishnan	4510 S. Reservoir Road, Suite C	Centennial	CO	80015	(303) 990-9960
Viswanath Krishnan and Meena Krishnan	9579 South University Blvd, Suite 140	Highlands Ranch	CO	80126	(303) 471-7501
Susan Fraser and Hayes Fraser	8824 N. Union Blvd.	Colorado Springs	CO	80920	(719) 494-2199
Lisa Iguchi and Alan Iguchi	2770 Arapahoe Rd., Suite 114	Lafayette	CO	80026	(720) 890-9000
Rita Reimer	PO Box 47, 63 Hebron Ave	Glastonbury	CT	06033	(860) 430-9633
David Lubner	15 Corbin Dr	Darien	CT	06820	(203) 655-6284
Daniel Aloï	1 Sedgwick Road	West Hartford	CT	06107	(860) 561-2747
David Lubner	1700 Post Rd, Suite E-4	Fairfield	CT	06824	(203) 259-6284
Andy Verma**	2109 Summer St	Stamford	CT	06905	(203) 881-6284
Geetha Rajgopalan and Vivek Subramanian**	266 South Main St	Newtown	CT	06470	(203) 491-2110
Mark Ahrens	201A Cherry St	Milford	CT	06460	(203) 783-1490
Robert Hasek and John Hasek	2076 Naamans Rd	Wilmington	DE	19810	(302) 475-4444
Tammy Cronin and Joshua Cronin	13770 Beach Blvd., #2	Jacksonville	FL	32224	(904) 619-1048

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Christy Page and Karen Canzoneri	3030 E. Semoran Blvd	Apopka	FL	32703	(407) 682-6284
Mohamed (Mo) Khalil	7536 Dr Phillips Blvd Ste 310	Orlando	FL	32819	(407) 354-1300
Marsha Rimokh	1320 SW 160th Ave	Sunrise	FL	33326	(954) 260-6056
Mohamed (Mo) Khalil	865 N Alafaya Trail	Orlando	FL	32828	(407) 243-6284
Billy Lawson Jr	403 Hollywood Blvd, Ste A102	Fort Walton Beach	FL	32548	(850) 362-6986
Marsha Rimokh	2240 NW 19th Street, Suite 913	Boca Raton	FL	33431	(561) 447-0077
Felix N. Del Prado	9999 Sunset Drive (SW 72 St.), Suite 101	Miami	FL	33173	(305) 274-3700
Marsha Rimokh	9146 Glades Road	Boca Raton	FL	33434	(561) 447-0077
Peter Newman and Alison Newman	14306-D North Dale Mabry Highway	Tampa	FL	33618	(813) 962-6284
Anabel Thomas	4149 Town Center Blvd., Unit #5	Orlando	FL	32837	(407) 730-8900
Mohamed (Mo) Khalil	5685 Red Bug Lake Rd.	Winter Springs	FL	32708	(407) 571-9877
James (Jim) Tisdale Connie Tisdale	4039 Hood Road, Bay C- 104	Palm Beach Gardens	FL	33410	(561) 626-5966
Marc Thorner	11540 Wiles Road	Coral Springs	FL	33076	(954) 757-1882
Mathew Williamson Julie Chamberlin	10030 Cross Creek Blvd.	Tampa	FL	33647	(813) 994-0400
Molly Siegenthaler and Shannon Danielson**	1536 S. Dale Mabry Hwy	Tampa	FL	33629	(813) 254-3800
Emile LaPointe Susan LaPointe	13848 Tilden Rd, Ste 172	Winter Garden	FL	34787	(321) 236-2842
Neil Hicks	10743 Narcoossee Blvd, Ste A-8	Orlando	FL	32832	(407) 203-3333
Chris Lee	2631 Peachtree Parkway, Ste. 500	Suwanee	GA	30024	(770) 888-0284
Sima Ekhtiari	6394 Zebulon Road, Suite 103	Macon	GA	31220	(478) 471-8477
Jeff Rucker	4219-1 Washington Rd	Evans	GA	30809	(706) 868-9393
John Clarkson and Aileen Clarkson	7046 Hodgson Memorial Dr	Savannah	GA	31406	(912) 355-5678
Giulio Helmsdorff	13077 Highway 9, Suite 620	Milton	GA	30004	(678) 538-6284
Kevin Thoman	840 Glynn Street South, Suite 342	Fayetteville	GA	30214	(770) 461-7040
Aileen Clarkson	51 Johnny Mercer Blvd Unit B2	Savannah	GA	31410	(912) 898-3700

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Chris Lee	9945 Jones Bridge Road, Suite 105	Johns Creek	GA	30022	(770) 343-6284
Kevin Thoman	1239 North Peachtree Pkwy	Peachtree City	GA	30269	(770) 487-4401
Bridget Cleary	4600 West Village Place, Suite 3003	Smyrna	GA	30080	(770) 436-4949
Melanie Staus Justin Staus	1165 Woodstock Road, Ste. 800	Roswell	GA	30075	(770) 518-3333
Tommy Pascoe and Angel Pascoe	3335 Cobb Parkway NW Suite 120	Acworth	GA	30101	(770) 966-0600
Joe Kleinrichert	1205 Johnson Ferry Rd. Suite 135	Marietta	GA	30068	(770) 578-6170
Doreen Chua and Kevin Thi**	4895 Peachtree Industrial Blvd Ste 104	Norcross	GA	30092	(770) 881-8462
Maureen Sullivan and John Curtin**	5562 Chamblee Dunwoody Rd	Dunwoody	GA	30338	(470) 246-4514
Forrest Lum	2525 South King Street, Suite 302	Honolulu	HI	96826	(808) 949-8545
Daniel Gehlbach	160 S. 68th St Suite 1105	West Des Moines	IA	50266	(515) 440-6284
Kevin Giles and Jeanne Giles	540 Boyson Rd. NE Unit B	Cedar Rapids	IA	52402	(319) 393-6284
Omar Ali and Nadia Hitchens	712 E. Roosevelt Rd	Glen Ellyn	IL	60137	(630) 469-6284
Cynthia Krol Owen	Port Clinton Square 600 Central Avenue, Suite 142	Highland Park	IL	60035	(847) 432-5050
Berish Cardash and Dina Romanoff	3453 W Dempster St	Skokie	IL	60076	(847) 677-6284
Charles Pullin	113 W. Townline Rd.	Vernon Hills	IL	60061	(847) 367-6284
Javier Steve Santacruz	2650 Valor Drive	Glenview	IL	60025	(847) 998-0900
Mark Kriston	1444 W. Fullerton Ave.	Chicago	IL	60614	(773) 880-6284
John Van Horn	16122 South Rte 59, Suite 102	Plainfield	IL	60544	(815) 439-7600
Judy Mayster	117 E. Northwest Highway, Suite 104	Barrington	IL	60010	(847) 277-2950
Anjali Gupta and Amit Singh	14 West Schaumburg Road	Schaumburg	IL	60194	(847) 884-6284
Harish Pai and Aparna Pai	3344 South Rt 59 #110	Naperville	IL	60564	(630) 219-0505
Greg Marston	210 Hartman Lane, Suite 100	O'Fallon	IL	62269	(618) 624-6402
Judy Mayster	815 E Center St. Ste A	Grayslake	IL	60030	(847) 752-8791
Jennifer Rioux and Daniel Trickle**	902 S. Randall Rd, Ste B	St. Charles	IL	60174	(630) 444-1805

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Jagat Shah and Rashmi Modj**	2009 63rd St	Downers Grove	IL	60516	(630) 963-6284
Aparna Pai and Harish Pai	3150 N. Aurora, Unit E	Aurora	IL	60502	(630) 820-6284
Christena Onyeali and Amaechi Onyeali	9834 South Western Ave	Evergreen Park	IL	60805	(708) 636-6284
Shawn Rennecker	479 E. Dupont Rd	Fort Wayne	IN	46845	(260) 637-3113
Shellie Webb and Bruce Webb	3001 Charlestown Crossing, Suite 2	New Albany	IN	47150	(812) 944-8003
Ashley Brickley Chris Brickley	7321 Heritage Square Dr, Ste 170	Granger	IN	46530	(888) 850-6284
Rachel Allen and Paul Allen	2357 N. Maize Rd, Ste 109	Wichita	KS	67205	(316) 773-1234
Gretchen Pontious	2357 N. Maize Rd, Ste 109	Wichita	KS	67205	(316) 773-1234
Donnavon Isaac	9339 W. 87th Street	Overland Park	KS	66212	(913) 642-6284
Rachel Allen and Paul Allen	10096 E. 13th St. N. #132	Wichita	KS	67206	(316) 636-5678
Richard Hunt	291 Hubbards Ln, Ste 115	Louisville	KY	40207	(502) 409-6284
Richard Hunt	870 Fairview Ave, Suite 4	Bowling Green	KY	42101	(270) 904-0654
Shirley Booth, Ryan Booth and Greg Booth	13180 Coursey Blvd., Suite 102	Baton Rouge	LA	70816	(225) 753-6284
Shirley Booth. Ryan Booth and Greg Booth	17316 Airline Hwy, Ste Q	Prairieville	LA	70769	(225) 744-0005
Robert Dalton and Martha Dalton	1810 Kaliste Saloom Rd (206 Rue Promenade)	Lafayette	LA	70508	(337) 984-6284
Robert Dalton and Martha Dalton	2744 Country Club Rd.	Lake Charles	LA	70605	(337) 478-0550
Bridget Summers Eklund	16 Sea Street	Hyannis	MA	02601	(508) 771-6284
Susan Pina and Casey Pina	226 Chief Justice Cushing Highway	Cohasset	MA	02025	(781) 923-1295
James (Jim) Aloisio	Dodge Plaza, 2 Enon St.	Beverly	MA	01915	(978) 922-2200
Myrtha Chang	49 Winchester St	Newton Highland	MA	02461	(617) 340-3665
Pampa Mondal and Arup Mondal	Bethany 40 Center, 10176 Baltimore National Pike, Unit 110	Ellicott City	MD	21042	(443) 863-6284
Edward Tkacz	Columbia Palace Plaza, 8801 Centre Park Drive Suite 4	Columbia	MD	21045	(410) 997-6284
Arup Mondal**	20 Courthouse Square	Rockville	MD	20850	(301) 768-4255
Barry Fausnaugh	4918 Fairmont Ave	Bethesda	MD	20814	(301) 652-6284

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Christopher Brickley and Ashley Brickley	5651 Cleveland Avenue	Stevensville	MI	49127	(855) 429-6284
Tom Ross and Karen Ross	6080 28th St.	Grand Rapids	MI	49546	(616) 956-5600
Rashonda Arnold and Kimberly Smith	6333 Orchard Lake Road	West Bloomfield	MI	48322	(248) 851-6284
Laurie Shappee and Bill Sobolewski	2933 South Rochester Road	Rochester Hills	MI	48307	(248) 703-5519
Patrick Figurski and Joe Deflorio	47968 Grand River	Novi	MI	48374	(248) 679-4448
Laurie Shappee and Bill Sobolewski	45983 Hayes Road	Shelby Twp	MI	48315	(586) 532-6500
Vera (Wei) Chiu and Grace (Ge) Wang	2111 Packard Rd, Suite C	Ann Arbor	MI	48104	(734) 769-5666
Patrick Figurski and Joe Deflorio	29514 W. 7 Mile Rd	Livonia	MI	48152	(734) 437-1967
Kathy Randinitis and Howard Steele	2511 W. Maple Rd.	Bloomfield Twp.	MI	48301	(248) 723-2225
Kimberly Smith and Rashonda Arnold	5712 N. Canton Center Road	Canton	MI	48187	(734) 459-6284
Joel Tillman	3520 Okemos Rd. Ste 2	Okemos	MI	48864	(517) 347-3200
Bill Sobolewski and Laurie Shappee <i>(Harry Potvin transfer – new location)</i>	6920 Rochester Rd	Rochester Hills	MI	48306	(248) 650-4300
Amal Kheil and Habib Kheil	3545 Bay Rd, Ste 3	Saginaw	MI	48603	(989) 401-5755
Rick Sartell and Mayuree Tanawongsuwan	388 3rd Street NE	Waite Park	MN	56387	(320) 281-5355
Maddula Rao, Pradeep Sukhani, Chandrasekhar Papisetty and Kenneth Wright	16378 Wagner Road	Eden Prairie	MN	55344	(952) 500-2138
Earl Weibeler and Debra Guertin	3810 West Old Shakopee Road	Bloomington	MN	55431	(952) 886-4382
Scott Bernstein and Robert Tarnowski	9724 Schreiber Terrace North	Brooklyn Park	MN	55445	(763) 269-7913
Nagender Mankala, Madhu Kolan and Bari Kahar	1960 Cliff Lake Rd, Suite 112	Eagan	MN	55122	(651) 815-0303
Kenneth Wright. Maddula Rao, Chandrasekhar Papisetty and Pradeep Sukhani	3505 Vicksburg Ln N, Suite 900	Plymouth	MN	55447	(763) 567-8143

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Scott Bernstein and Robert Tarnowski	13720 83rd Way	Maple Grove	MN	55369	(763) 269-3989
Earl Weibeler and Debra Guertin	7060 Valley Creek Plaza Suite # 111	Woodbury	MN	55125	(651) 330-4184
Maddula Rao, Pradeep Sukhani, Chandrasekhar Papisetty and Kenneth Wright	4785 County Road 101	Minnetonka	MN	55345	(952) 500-2139
Mark Grotte	17581 Glasgow Ave.	Lakeville	MN	55044	(952) 891-1100
Jim Nelson	649 S. Snelling Avenue	St. Paul	MN	55116	(651) 698-6284
Mark Grotte	14043 S. Highway 13	Savage	MN	55378	(952) 226-3000
Rick Sartell and Mayuree Tanawongsuwan	285 St. Andrews Drive, Suite 200	Mankato	MN	56001	(507) 345-3276
Peter Atakpu and Michelle Maiers-Atakpu	4711 Highway 61 North	White Bear Lake	MN	55110	(651) 888-2541
Sachin Gore**	5871 Neal Ave N	Oak Park Heights	MN	55082	(651) 439-2252
Robert Tarnowski and Scott Bernstein	4590 Excelsior Blvd	St. Louis Park	MN	55416	(763) 269-6969
Terry Rennack and JoAnn Rennack	249 W. Mill Street, Suite 102	Liberty	MO	64068	(816) 415-9393
Rosalina Makalintal and Anton Makalintal	1020 Town and Country Crossing Dr	Town and Country	MO	63017	(314) 707-7639
Windell Greene	670 Highway 51, Suite G	Ridgeland	MS	39157	(601) 707-5379
Howard Speer, David Speer and Brooke Speer	591U River Hwy	Mooresville	NC	28117	(704) 663-6284
Steve Spengler and Susan Spengler	315 N. Spence Ave.	Goldsboro	NC	27534	(919) 778-0112
Denise McCann	962 US Highway 64 Suite 15A	Apex	NC	27502	(919) 465-3907
Ann Stengel and Susan Robeno	3604 Witherspoon Blvd, Suite 111	Durham	NC	27707	(919) 490-5151
Kristina Losey	354 George W. Liles Parkway	Concord	NC	28027	(704) 784-6284
Krista Adams	8133 Ardrey Kell Road, Suite 102	Charlotte	NC	28277	(704) 844-2717
Chris Hofer	14311 Reese Blvd.Ste A-2	Huntersville	NC	28078	(704) 992-6262
Chris Hofer	1604-C Highwoods Boulevard	Greensboro	NC	27410	(336) 855-5558
Denise McCann	7961 Skyland Ridge Parkway, 105	Raleigh	NC	27617	(919) 957-0600

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Denise McCann	8471 Garvey St., Suite 115	Raleigh	NC	27616	(919) 790-7977
Christopher Bristow and Arethea Bristow	5342 Prosperity Church Road, Suite B	Charlotte	NC	28269	(704) 837-1269
Susan Robeno and Ann Stengel	10120 Green Level Church Rd., Ste 214	Cary	NC	27519	(919) 535-8892
Matrice Williams and Jennifer Gattis	1149-F St. Marks Church Road	Burlington	NC	27215	(336) 792-7000
Denise McCann	489 James Jackson Ave.	Cary	NC	27513	(919) 388-9888
Martha Gagnon**	69 Hamel Drive	Manchester	NH	03104	(603) 644-1234
Steven Paul	460 County Road 520	Marlboro	NJ	07746	(888) 727-6284
John Napoli	546 State Route 35; Union Square Shopping Center	Red Bank	NJ	07701	(732) 842-6284
Jodi Ralston and James Ralston	86 Summit Avenue, LL4	Summit	NJ	07901	(973) 377-6284
Ravikumar Bajagur	1825, US Route 130	North Brunswick	NJ	08902	(732) 317-8761
Angela De La Rosa	147 Valley Road	Montclair	NJ	07042	(973) 707-7081
Bryan Cooke	Greentree Place 1892 E. Route 70, Suite 3C	Cherry Hill	NJ	08003	(856) 874-0050
Bob D'Orazio	Cross Keys Place 141 Tuckahoe Road, Suite 320	Sewell	NJ	08080	(856) 875-1234
John Napoli	1460 State Highway 35	Ocean Township	NJ	07712	(732) 493-6284
Rudolfo Danileo (Dan) Valer and Maria Valer	327 W. Main Street	Freehold	NJ	07728	(732) 414-6284
Sharon Davis and Lisa Bocchino	508 Main Street, Suite 105	Spotswood	NJ	08884	(732) 251-6284
Wayne Gray, Neil Rankin and Barbara Koehler	1747 Hooper Avenue, Suite 7	Toms River	NJ	08753	(732) 255-6284
Jodi Ralston and James Ralston	650 Shunpike Road, Unit #1	Chatham	NJ	07928	(973) 377-6284
Stacy Cordray, Kimberly Logsdon, Phillip Reilly III and Phillip Reilly Jr	84 East Main St	Mendham	NJ	07945	(973) 543-6981
Michael Huang	236 Rock Rd	Glen Rock	NJ	07452	(201) 444-8020
Michelle Scrivner	6501 Paradise Boulevard NW, Suite F	Albuquerque	NM	87114	(505) 922-6284
Dan Saposhnik	1990 Village Center Circle, #10	Las Vegas	NV	89134	(702) 248-8887
Karen Flyer and Alan Flyer	217-A Mineola Ave	Roslyn	NY	11577	(516) 484-6284

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Mamoon Mubashir and Beenish Raza	381 Sunrise Hwy	Lynbrook	NY	11563	(516) 881-7997
Vincent Colangeli and Jennifer Colangeli	6390 Amboy Road	Staten Island	NY	10309	(718) 227-6284
Peter Abrams and Jamie Abrams	1003 Jericho Turnpike	New Hyde Park	NY	11040	(516) 616-6284
Tony Parmar and Rupinder Parmar	110 Jackson Ave	Syosset	NY	11791	(516) 944-6284
Michael Karp and Dan Karp	414 Central Ave	Cedarhurst	NY	11516	(516) 569-1500
Julie Lee and John Lee	11 Great Neck Rd	Great Neck	NY	11021	(516) 482-6284
Asiya Ali and Asif Iqbal	1560 Jefferson Road, Suite B	Rochester	NY	14623	(585) 292-6284
Robert Bernstein and Desiree Bernstein	6806 20th Ave.	Brooklyn	NY	11204	(718) 975-0132
Laura Dietl and Carl Giordano	392 Atlantic Ave	Brooklyn	NY	11217	(718) 858-6284
Tammy Goldberg and Marc Goldberg	506 Amsterdam Avenue	New York	NY	10024	(212) 828-6284
Jacqueline Barr and Ewan Barr	2300 Triphammer Road	Ithaca	NY	14850	(607) 257-6284
Marc Goldberg and Tammy Goldberg	1597 York Avenue	New York	NY	10028	(212) 828-6284
Ken Tiu	2795 Middle Country Rd.	Lake Grove	NY	11755	(631) 619-6949
John Lee and Julie Lee	43-17 Bell Blvd	Bayside	NY	11361	(718) 747-6284
Vincent Colangeli and Jennifer Colangeli	1781 Richmond Rd	Staten Island	NY	10304	(718) 987-6284
Aline Nguyen	1802 Penfield Rd	Penfield	NY	14526	(585) 203-1717
Megan Owens	4648 Belden Village Street NW	Canton	OH	44718	(330) 492-6284
Sam Thompson	9525 Kenwood Rd., Ste. 15	Blue Ash	OH	45242	(513) 984-1212
Vane Lucas and Ginger Lucas	1077 N 9th Street	Broken Arrow	OK	74012	(918) 574-2222
Vane Lucas	8032 S Yale Ave	Tulsa	OK	74136	(918) 574-2222
Teck H. (Max) Yap and Hoa V. (Jesse) Yap	14101 North May, Ste 106	Oklahoma City	OK	73134	(405) 241-6284
Bruce Withycombe	17449 SW Lower Boones Ferry Road, Suite 100	Lake Oswego	OR	97035	(503) 744-0544
Kokila Vidyarthi and Anish Vidyarthi	8128 SW Beaverton Hillsdale Hwy	Portland	OR	97225	(971) 732-5155

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Kokila Vidyarthi and Anish Vidyarthi	12965 NW Cornell Road	Portland	OR	97229	(971) 732-5155
Indira Lawson	8500 Henry Avenue, Suite 44	Philadelphia	PA	19128	(267) 437-2388
Kelly Munchel and James (Jim) Munchel	608 Richmond Dr, Suite 110	Lancaster	PA	17601	(717) 519-6899
Greg Bundens	1149 Lancaster Avenue	Rosemont	PA	19010	(610) 526-1607
Greg Bundens	36 Chestnut Road, Suite 2	Paoli	PA	19301	(610) 644-2306
Steven Ross	4050 Washington Road	McMurray	PA	15317	(724) 941-6284
Rachel German and Kevin German	4893 William Penn Hwy	Murrysville	PA	15668	(724) 327-6284
Donald Walter	1800 2nd Loop Road, Suite 14	Florence	SC	29501	(843) 407-4129
Donald Walter	100-A Old Cherokee Rd	Lexington	SC	29072	(803) 356-6103
Yinka Olopade	5111 Peter Taylor Park Dr	Brentwood	TN	37027	(615) 309-0890
Michael O'Hern	1919 Gunbarrel Road, Suite 153	Chattanooga	TN	37421	(423) 899-2011
Jon Willis	131 Maple Row Blvd. Suite B-201	Hendersonville	TN	37075	(615) 469-2180
Karim Valiani	9289 Poplar Ave, Suite 104	Germantown	TN	38138	(901) 757-1922
Karim Valiani	2049 N Germantown Pkwy, Suite 201	Cordova	TN	38016	(901) 529-7070
Erika Bacon	420 Cool Springs Blvd., Ste. 100	Franklin	TN	37067	(615) 807-1065
Michael O'Hern	9700 Kingston Pike, Suite 8, Franklin Square	Knoxville	TN	37922	(865) 769-6944
Jon Willis	3580 N. Mt Juliet Rd.	Mt. Juliet	TN	37122	(615) 469-2180
Karim Valiani	4936 Poplar Ave	Memphis	TN	38117	(901) 590-2908
Debbie Rose**	3742 Far West Blvd. #105	Austin	TX	78731	(512) 837-6284
W. (William) Michael Sterling, Gail Sterling and Julie Riggins	9778 Katy Freeway, Suite 500	Houston	TX	77055	(713) 973-6284
Shital Patel	2704 Cross Timbers Rd	Flower Mound	TX	75028	(972) 539-1500
Leon Woloski and Deborah Woloski	7001 N. 10th St., Suite B2	McAllen	TX	78504	(956) 467-4773
John Donnelly and Elizabeth Donnelly	2270 Matlock Road, Ste 104	Mansfield	TX	76063	(817) 473-6284
Jennifer Speer	2305 Boonville Rd., Suite 550	Bryan	TX	77808	(979) 774-2939
Sara Miranda and Edgar Miranda	3411 Market Loop, Ste 112	Temple	TX	76502	(254) 833-1233
Phillip Hunter and Meghan Hunter	1430 S. Main St, Ste 107	Boerne	TX	78006	(830) 331-8414

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Lakshmi Jagarlamudi	4308 N. Quinlan Park Road Ste 215	Austin	TX	78732	(512) 284-9849
Brad James	5815 82nd St, Ste 140	Lubbock	TX	79424	(806) 687-8701
Robert Barnes, Rebecca Barnes, Elizabeth Lyons and David Lyons	919 East Interstate 30, Suite 126	Rockwall	TX	75087	(972) 722-6000
Samien Hasanali	19903 Stone Oak Parkway, Suite 105	San Antonio	TX	78258	(210) 404-0123
John Labuda and Cathy Labuda	12344 Barker Cypress Rd Suite 150	Cypress	TX	77429	(281) 256-9932
Bria Howe	3003 Richmond Rd., Suite B	Texarkana	TX	75503	(430) 200-0099
Leon Woloski	201 South Shary Road, Suite #450	Mission	TX	78572	(956) 467-4422
Alysen Snavely	4100 W. El Dorado Pkwy, Suite 220	McKinney	TX	75070	(972) 784-4141
Tuan Phuong (Nam) Le	6032 Farm-To-Market Road 3009, Suite #180	Schertz	TX	78154	(210) 646-6284
Gina Cotton and Alan Cotton	4400 N Midland Drive, Suite 501	Midland	TX	79707	(432) 689-0919
Brad Buckman and Akshaya Trivedi	160 E FM 544 Ste 96	Murphy	TX	75094	(469) 361-1413
Rajani Karla	9859 IH-10 West, Suite 101	San Antonio	TX	78230	(210) 699-0123
Lavanya Reddy	1500 South A.W. Grimes Boulevard, Ste #125	Round Rock	TX	78664	(512) 415-5371
Ravi Shah and GV Krishnan	13410 Briar Forest Drive, #194	Houston	TX	77077	(713) 697-6284
Robert Barnes, Rebecca Barnes, Elizabeth Lyons and David Lyons	11909 Preston Road, Ste 1411	Dallas	TX	75230	(214) 739-6284
Karen Roussos	1251 E. Southlake Blvd, Ste 305	Southlake	TX	76092	(817) 421-1900
Syd Pasha	3313 RR-620 South, Suite 100	Lakeway	TX	78738	(512) 828-6386
Imran Ali	21181 Kuykendahl Road	Spring	TX	77379	(832) 698-4113
Tan Dao	3601 W. William Cannon Dr., Suite 275	Austin	TX	78749	(512) 275-6522
Sue Kwon	23930 Westheimer Parkway # 107	Katy	TX	77494	(281) 347-7865
Ravi Shah and GV Krishnan	4830 Beechnut St.	Bellaire	TX	77096	(713) 697-6284
Hazem Aburubia	5313 FM 1960 W	Houston	TX	77069	(281) 755-2000
John Opalko	4775 West Panther Creek Drive, Suite 410	Woodlands	TX	77381	(281) 465-4990

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Bill Treneer	8201 Broadway Street, Suite 113	Pearland	TX	77581	(281) 412-9800
Lakshmi Jagarlamudi and Anitha Danda	10401 Anderson Mill Rd., #109A	Austin	TX	78750	(512) 331-6284
Ravi Shah and GV Krishnan	15219 Southwest Freeway	Sugar Land	TX	77478	(713) 697-6284
Rajani Karla	300 W Bitters Rd, Suite 160	San Antonio	TX	78216	(210) 494-4111
Lavanya Reddy	900 N Austin Ave, Ste 127	Georgetown	TX	78626	(512) 869-6284
Karakunar Reddy	900 N Austin Ave, Ste 127	Georgetown	TX	78626	(512) 869-6284
Tuan Phuong (Nam) Le	1550 Austin Hwy, Suite 107	San Antonio	TX	78218	(210) 696-6284
Dwight Cooley	5445 S. Hulen St	Ft. Worth	TX	76133	(817) 263-6284
Rick McLaughlin	10350 Bandera Road, Suite 304	San Antonio	TX	78250	(210) 684-6284
Alysen Snavely	8811 Teel Parkway, Suite 130	Frisco	TX	75034	(469) 362-7300
Dan Parker	3115 W. Parker Rd., Suite 560	Plano	TX	75023	(972) 519-0340
Carl Keating and Margaret Keating**	790 S. Main St	Keller	TX	76248	(817) 741-2202
Frank Mann	5201 S. Broadway, Ste 110	Tyler	TX	75703	(903) 581-6284
Vasavi Gavirneni and Ravi Gottimukkala	1025 W. Hebron Pkwy, #137	Carrollton	TX	75010	2548331233
John Labuda	7085B Hwy 6 N	Houston	TX	77095-2505	(832) 427-5299
Debbie Rose	3201 Bee Caves Rd, Ste 154	Austin	TX	78746	(512) 837-6284
Akshaya Trivedi and Brad Buckman	190 E. Stacy Rd. #1302	Allen	TX	75002	(469) 361-2277
Imran Ali	4560 Kingwood Dr	Kingwood	TX	77345	(281) 360-6284
Mila Gleason and David Kaplan	1844 E Fort Union Blvd	Salt Lake City	UT	84121	(801) 679-1588
Mark Minson and David Dame	715 E. 12300 S. Unit E	Draper	UT	84020	(801) 572-6284
David Dame and Mark Minson	5435 W 11000 N Suite 15	Highland	UT	84003	(801) 756-2424
Georgia Brown and Reed Brown**	1706 South 500 West, Ste 110	Bountiful	UT	84010	(801) 683-8980
Perry Lalliss	135 South State St, Ste 5	Lindon	UT	84042	(801) 701-3084
Andrea Kaplan and David Kaplan	1511 East 2100 South, Ste 104	Salt Lake City	UT	84105	(385) 242-7610
James Temple and JoAnn Temple	10416 Iron Bridge Rd	Chester	VA	23832	(804) 272-6284

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Abdelghani Bellaachia	43330 Junction Plaza, Suite 160	Ashburn	VA	20147	(703) 726-6284
Mike Baron and Elizabeth Baron	42020 Village Center Plz, Ste 100	Stone Ridge	VA	20105	(571) 295-5559
Peter Morrison and Jennifer Nicholls	3352 Princess Anne Road, Suite 911	Virginia Beach	VA	23456	(757) 368-6284
Abdelghani Bellaachia and Ashley Smith	1435 Center Street	McLean	VA	22101	(703) 714-6284
Abdelghani Bellaachia	302 Maple Avenue West	Vienna	VA	22180	(703) 255-6284
James Temple and JoAnn Temple	15508 Westchester Commons Way	Midlothian	VA	23113	(804) 378-2211
Daryl Gage	940 Cedar Road, Suite 103	Chesapeake	VA	23322	(757) 277-9638
JoAnn Temple and James Temple	11628 West Broad St	Richmond	VA	23233	(804) 364-3333
James Temple and JoAnn Temple	9369 Atlee Rd, Ste 3103	Mechanicsville	VA	23116	(804) 559-0550
Neelima Rachapudi	1313 NE 156th Ave Ste 220	Bellevue	WA	98007	(425) 643-6284
Rayan Chepuri and Kiran Vangala	7802 SE Center Blvd., Suite A	Snoqualmie	WA	98065	(425) 367-4747
Sumitha Reddy and Kiran Vangala	4546 Klahanie Dr SE	Issaquah	WA	98029	(425) 270-1054
Sumitha Reddy and Kiran Vangala	3820 N 27th	Tacoma	WA	98407	(253) 761-2022
Rayan Chepuri	10216 SE 256th St Suite #104	Kent	WA	98030	(253) 854-6284
Rayan Chepuri	17615 S.E. 272nd St., Suite 107	Covington	WA	98042	(253) 639-6284
Lee Anderson	13027 Bothell Everett Hwy. Suite C	Everett	WA	98208	(425) 385-2892
Miles Ulrich	16505 Redmond Way, Ste F	Redmond	WA	98052	(425) 885-6284
Michael Yanke and Gerilyn Yanke	N78 W14569 Appleton Avenue	Menomonee Falls	WI	53051	(262) 251-5600

*Company Center

**Open in 2013

EXHIBIT A-2

LIST OF FRANCHISEES CLOSED AS OF DECEMBER 31, 2012

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Gary Curl	2801 John Hawkins Parkway, Suite 133 I	Hoover	AL	35244	(205) 987-6710
Michael Lagal and Evelyn Lagal	1787 E. Route 66	Glendora	CA	91740	(626) 914-6020
Irene Pinzon Santos	2252 Beverly Blvd., Suite 201	Los Angeles	CA	90057	(213) 445-6658
Kira Krupovlyanskaya	19420 Business Center Dr. # 109	Northridge	CA	91324	(818) 882-6284
Carl Bobkoski	981-E Lomas Santa Fe Drive	Solana Beach	CA	92075	(858) 755-6284
Jeff Wang	33412 Alvarado Niles Road	Union City	CA	94587	(510) 489-6284
Karl Machschefes	2455 Jefferson Blvd, Suite 120	West Sacramento	CA	95691	(916) 375-0800
Kira Krupovl- yanskaya and Zunera Ghaznavi	20929 Ventura Blvd., #34	Woodland Hills	CA	91364	(818) 719-8646
Stan Bevers	991 Peachtree Industrial Blvd., Suite 110	Suwanee	GA	30024	(770) 271-2424
Forrest Lum	94-235 Hanawai Circle	Waipahu	HI	96797	(808) 677-3797
Venkat Manda	15253 W. 135th St.	Olathe	KS	66062	(913) 780-3545
Richard (Ben) Lawrence	4738 Jackson Street Ext	Alexandria	LA	71303	(318) 619-1296
Kevin Cheslack- Postava and Barbara Cheslack- Postava	36 Franklin Turnpike	Waldwick	NJ	07463	(201) 444-0063
Dan Saposhnik	2654 W. Horizon Ridge Parkway	Henderson	NV	89052	(702) 243-6284
Andrea Ratkowski	2128 SW 336th St.	Federal Way	WA	98023	(253) 835-1314
Kody Lyons	13507 Meridian Ave E #L	Puyallup	WA	98373	(253) 604-0888

LIST OF FRANCHISEES TRANSFERRED AS OF DECEMBER 31, 2012

Center Personnel: Lookup Name	Center Address	Center City	Center State	Center Zip	Center Phone
Brian Burgmeier and Annmarie Burgmeier	3875 West Ray Rd., Suite #12	Chandler	AZ	85226	(480) 782-1924
Prashanth Murthy	10810 E. Via Linda, Suite 115	Scottsdale	AZ	85259	(480) 767-6284
Melissa Hardison	2930 North Hayden Rd.	Scottsdale	AZ	85251	(480) 945-0342
Terry Liu	2020 S. Brea Canyon Rd. #A3	Diamond Bar	CA	91765	(888) 316-6284
Ziad Awad and Jad Awad	14452 Ventura Blvd	Sherman Oaks	CA	91423	(818) 380-0169
Phil LeBlanc	255 E. Imperial Highway, Unit D	Brea	CA	92821	(714) 529-6284
Melissa LeBlanc	255 E. Imperial Highway, Unit D	Brea	CA	92821	(714) 529-6284
Nancy Que	3430 Ocean View Blvd, Ste A	Glendale	CA	91208	(818) 248-6284
Harry Potvin	3051 Baldwin Road	Orion Township	MI	48359	(248) 391-2800
Edward (Chip) Kostic and Abigail Kostic	9525 Kenwood Rd., Ste. 15	Blue Ash	OH	45242	(513) 984-1212
Derek Brown	100-A Old Cherokee Rd	Lexington	SC	29072	(803) 356-6103
Ken Unger	5435 W 11000 N Suite 15	Highland	UT	84003	(801) 756-2424

**EXHIBIT B
FINANCIAL STATEMENTS**



MATHNASIUM CENTER LICENSING, LLC

Financial Statements and Independent Auditors' Report

December 31, 2012, 2011 and 2010

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ROSSI DOSKOCIL & FINKELSTEIN

LLP

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Managing Member,
Mathnasium Center Licensing, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Mathnasium Center Licensing, LLC (the "Company"), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income and member's equity, 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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rossi Doskocil & Finkelstein LLP

February 28, 2013
Long Beach, California

400 OceanGate, Suite 1000 * Long Beach, California 90802 * Telephone (562) 495-3325 * Fax (562) 495-3425 * www.rdfcpas.com

BARON ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Managing Member of
Mathnasium Center Licensing, LLC

We have audited the accompanying consolidated statements of income and member's equity, and cash flows of Mathnasium Center Licensing, LLC for the year ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the consolidated operations and cash flows of Mathnasium Center Licensing, LLC for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Baron Accountancy Corporation

Newport Beach, California
February 11, 2011

MATHNASIUM CENTER LICENSING, LLC

Balance Sheets

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 303,409	\$ 314,744
Accounts receivable, net - current portion	1,101,181	653,229
Prepaid expenses	137,521	81,718
Due from member	4,858	42,370
Total current assets	<u>1,546,969</u>	<u>1,092,061</u>
Accounts receivable, net - long-term portion	138,444	115,500
Other assets	55,542	37,919
Capitalized software and website development costs, net	354,489	367,007
Property and equipment, net	<u>419,301</u>	<u>225,886</u>
Total assets	<u>\$ 2,514,745</u>	<u>\$ 1,838,373</u>

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Line of credit	\$ 50,000	\$ -
Accounts payable	479,255	280,726
Accrued liabilities - current portion	627,677	649,289
Deferred revenue - current portion	208,500	3,333
Capital lease obligations - current portion	4,248	4,248
Total current liabilities	<u>1,369,680</u>	<u>937,596</u>
Deferred revenue - long-term portion	66,000	-
Deferred rent	353,321	171,891
Capital lease obligations - long-term portion	9,557	13,450
Accrued liabilities - long-term portion	250,000	-
Other liabilities	18,477	42,500
Total liabilities	<u>2,067,035</u>	<u>1,165,437</u>
Member's equity	<u>447,710</u>	<u>672,936</u>
Total liabilities and member's equity	<u>\$ 2,514,745</u>	<u>\$ 1,838,373</u>

See accompanying notes to financial statements.

MATHNASIUM CENTER LICENSING, LLC
 Statements of Income and Member's Equity
 For the years ended December 31, 2012, 2011 and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues			
Franchise fee income	\$ 2,233,521	\$ 1,708,167	\$ 1,297,783
Royalties and marketing fees	7,034,377	5,114,454	3,558,021
Other	22,896	6,582	12,332
	<u>9,290,794</u>	<u>6,829,203</u>	<u>4,868,136</u>
Operating Expenses			
Marketing and advertising	2,513,630	1,667,513	930,217
Franchisee systems, training and support	1,121,962	585,519	458,189
Curriculum development	553,842	383,288	374,664
General and administrative	4,161,232	3,406,029	2,875,123
Depreciation and amortization	189,346	127,447	11,278
	<u>8,540,012</u>	<u>6,169,796</u>	<u>4,649,471</u>
Income from operations	750,782	659,407	218,665
Interest expense	<u>4,444</u>	<u>4,398</u>	<u>7,986</u>
Net income	746,338	655,009	210,679
Member's equity, beginning of year	672,936	1,015,565	804,886
Distributions to member	<u>(971,564)</u>	<u>(997,638)</u>	<u>-</u>
Member's equity, end of year	<u>\$ 447,710</u>	<u>\$ 672,936</u>	<u>\$ 1,015,565</u>

See accompanying notes to financial statements.

MATHNASIUM CENTER LICENSING, LLC
Statements of Cash Flows
For the years ended December 31, 2012, 2011 and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:			
Net income	\$ 746,338	\$ 655,009	\$ 210,679
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	189,345	127,447	11,278
Bad debt expense	82,430	162,998	96,322
Non-cash rent expense	47,468	45,395	-
Changes in operating assets and liabilities:			
Accounts receivable	(553,326)	(390,117)	(160,464)
Prepaid expenses	(55,803)	(76,588)	(3,442)
Other assets	(17,623)	(17,281)	(20,638)
Due from member	37,512	(42,370)	(271,733)
Accounts payable	198,529	(162,047)	120,421
Accrued liabilities	228,388	315,471	300,591
Deferred revenue	271,167	(101,917)	105,250
Other liabilities	(24,023)	42,500	-
Net cash provided by operating activities	<u>1,150,402</u>	<u>558,500</u>	<u>388,264</u>
Cash flows from investing activities:			
Payments for capitalized software and website development costs	(98,894)	(153,174)	(314,200)
Purchase of property and equipment	<u>(137,386)</u>	<u>(96,118)</u>	<u>(20,392)</u>
Net cash used in investing activities	<u>(236,280)</u>	<u>(249,292)</u>	<u>(334,592)</u>
Cash flows from financing activities:			
Borrowings under line of credit	235,000	105,000	-
Repayments on line of credit	(185,000)	(105,000)	-
Payments on capital lease obligations	(3,893)	(3,540)	-
Distributions paid to member	<u>(971,564)</u>	<u>(131,378)</u>	<u>-</u>
Net cash used in financing activities	<u>(925,457)</u>	<u>(134,918)</u>	<u>-</u>
Net increase (decrease) in cash	(11,335)	174,290	53,672
Cash, beginning of year	<u>314,744</u>	<u>140,454</u>	<u>86,782</u>
Cash, end of year	<u>\$ 303,409</u>	<u>\$ 314,744</u>	<u>\$ 140,454</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest expense	\$ 2,933	\$ 4,398	\$ 7,986
Non-cash investing and financing activities:			
Distributions in-kind to Mathnasium, LLC (Note 12)	-	866,260	-
Tenant improvements paid for by landlord	133,962	126,496	-
Property acquired under capital lease	-	21,738	-

See accompanying notes to financial statements.

MATHNASIUM CENTER LICENSING, LLC

Notes to Financial Statements

December 31, 2012, 2011 and 2010

NOTE 1 – ORGANIZATION

Mathnasium Center Licensing, LLC ("MCL" or "Company") is a single member limited liability company formed in the state of California on June 20, 2003. MCL is wholly owned by Mathnasium, LLC ("Parent"). MCL grants franchisees use of the name Mathnasium and the associated business systems. The system facilitates the process of operating a business to teach mathematics to children through neighborhood learning centers. The Mathnasium franchise operates throughout the United States and various other countries throughout the world. Mathnasium UK, Ltd. was formed on April 21, 2010 and was wholly owned by MCL before it was dissolved during 2012. Mathnasium UK, Ltd. was inactive from the time of formation to its dissolution. Accordingly, prior year financial statements for the years ended December 31, 2011 and 2010 are presented on a non-consolidated basis. Substantially all of the Company's revenues are derived from franchising operations (see Note 2 – Revenue Recognition).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the related amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Company considers investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2012 and 2011. Cash balances held at financial institutions may, at times, exceed FDIC insured limits.

Accounts Receivable – The Company carries its accounts receivable at cost, less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical experience. The Company determines that a receivable is impaired when, based on current information and events, it is probable that it will be unable to collect amounts due according to the original contractual terms of the receivable agreement, without regard to any subsequent restructurings. Factors considered in assessing collectability include, but are not limited to, a customer's current financial information, payment history, requests for restructuring, filings for bankruptcy and overall Company history. Balances that are still outstanding after management has used reasonable collection efforts are written off. Based on these criteria, an allowance for doubtful accounts of \$247,007 and \$217,091 has been established at December 31, 2012 and 2011, respectively.

Property, Equipment, Capitalized Software, and Website Development Costs – Property and equipment are carried at cost. Development costs related to the Company's proprietary franchise CRM system and website have been capitalized in accordance with Accounting Standards Codification ("ASC") No. 350, *Intangibles – Goodwill and Others*. Depreciation of assets recorded under capital leases is included in depreciation expense. For financial reporting and tax purposes, depreciation and amortization are

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment, Capitalized Software, and Website Development Costs (continued) – calculated using straight-line and accelerated methods, respectively, over the estimated service lives of the depreciable assets. The estimated service lives are as follows:

Computers and office equipment	3 – 5 years
Furniture and fixtures	7 – 10 years
Capitalized software and website development	5 – 10 years
Leasehold improvements	shorter of 7 years or remaining lease term

Revenue Recognition – Franchise agreements grant franchisees use of the name Mathnasium and the associated business systems within a designated geographic area. Franchise agreements typically have a five-year, renewable term with an initial, non-refundable franchise fee. Continuing fees include a fixed monthly fee and monthly royalty and marketing fees based on a percentage of the franchisee's gross receipts.

Royalty and marketing fee revenues and franchise fees are recognized in accordance with the provisions of ASC No. 952, *Franchisors*. Royalty and marketing fees are recognized as revenue in the periods in which franchisees receive fees for their services. Franchise fee revenue from initial territory sales and option agreements are recognized as revenue when the Company has substantially completed its obligations under the franchise agreement. Criteria for substantial performance include:

- (1) An executed franchise agreement is received,
- (2) Collection of the franchise fee is reasonably assured, and
- (3) The franchisee has completed the Company's Initial Training Program.

Cash received for franchise fees or option agreements relating to transactions for which the revenue recognition criteria have not been met are recognized as deferred revenue. Deferred revenue totaled \$274,500 and \$3,333 at December 31, 2012 and 2011, respectively, and will generally be recognized as revenue upon franchisees' completion of the Initial Training Program, at which time the Company has performed all initial services required by the franchise agreement.

In Canada and the United States, there were 341 franchised learning centers in operation, 3 of which were owned by the Parent, at December 31, 2012. There were 291 franchised learning centers in operation, 1 of which was owned by the Parent, at December 31, 2011 in Canada and the United States. There were 104, 76, and 62 franchise and area development agreements awarded during 2012, 2011, and 2010, respectively.

Marketing and Advertising – Marketing and advertising costs relate to activities to promote the Mathnasium brand to consumers and prospective franchisees and are expensed as incurred. Advertising costs totaled \$794,290, \$691,073, and \$616,101 in 2012, 2011, and 2010, respectively.

Franchisee Systems, Training and Support – Franchisee systems, training and support expenses are costs directly associated with the training and on-going support of franchisees including facility rentals, printing and supplies, communications, conventions, professional services, and employee compensation.

Curriculum Development – Curriculum development expenses are costs directly associated with the creation and maintenance of the Mathnasium curriculum including education materials, conferences, and employee compensation.

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – The Company is a single member limited liability company and has elected to be treated as a disregarded entity under federal income tax regulations. Accordingly, all items of income and expense are reported in the Parent's income tax returns. The Company is subject to state LLC fees which are included in general and administrative expense and totaled \$6,800 in 2012, 2011, and 2010, respectively. The Company is also subject to income taxes in foreign jurisdictions which totaled \$10,217, \$15,445, and \$11,042 in 2012, 2011, and 2010, respectively. Foreign income taxes are presented separately from related revenues and are included in general and administrative expenses. Generally, for state tax purposes, the Company's 2008 through 2011 tax years remain open for examination by the tax authorities under a four year statute of limitations.

MCL follows the provisions of ASC No. 740-10, *Income Taxes – Overall*, and subsections, formerly FASB Interpretation No. 48. Accordingly, MCL accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. MCL recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. Penalties and interest are recorded as general and administrative expense and interest expense, respectively.

Fair Values – The carrying amounts of cash, accounts receivable, accounts payable, accrued liabilities, and taxes payable approximate their respective fair values due to their short maturities.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of both current and long-term accounts receivable. The current portion of accounts receivable, net consist of amounts due to the Company within one year of the balance sheet date. The long-term portion of accounts receivable, net consists of all other accounts receivable, which primarily consist of franchise option agreements with payment terms due to the Company in excess of one year.

The current portion of accounts receivable, net consists of the following as of December 31:

	2012	2011
Accounts receivable – current portion	\$ 1,240,704	\$ 870,320
Less: Allowance for doubtful accounts	139,523	217,091
	\$ 1,101,181	\$ 653,229

The long-term portion of accounts receivable, net consists of the following as of December 31:

	2012	2011
Accounts receivable – long-term portion	\$ 245,928	\$ 115,500
Less: Allowance for doubtful accounts	107,484	-
	\$ 138,444	\$ 115,500

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 4 – CAPITALIZED SOFTWARE AND WEBSITE DEVELOPMENT COSTS, NET

During 2010, the Company commenced development of a proprietary, Internet-based, customer relationship management system ("Franchise CRM System") for franchisee use. The first and second phases of development were completed and placed into service during 2010 and 2011, respectively. Also during 2010, the Company developed and launched the first phase of the Company's new website. The first phase of the website focuses on consumer marketing and integrates the Internet presence of franchisees. In 2011, the Company developed and launched the final phase of the Company's new website. The final phase of the website focuses on franchise development marketing.

Amortization of the costs associated with the completed phases of the Franchise CRM System and website commenced in 2010. Amortization expense totaled \$111,412, \$92,389 and \$7,978 in 2012, 2011, and 2010, respectively. Capitalized software and website development costs, net consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Franchise CRM system	\$ 404,796	\$ 305,902
Website	<u>161,472</u>	<u>161,472</u>
	566,268	467,374
Less: Accumulated amortization	<u>(211,779)</u>	<u>(100,367)</u>
	<u>\$ 354,489</u>	<u>\$ 367,007</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Computers and office equipment	\$ 115,047	\$ 72,908
Software	25,022	8,890
Furniture and fixtures	104,807	43,721
Leasehold improvements	<u>299,747</u>	<u>138,725</u>
	544,623	264,244
Less: Accumulated depreciation	<u>(125,322)</u>	<u>(38,358)</u>
	<u>\$ 419,301</u>	<u>\$ 225,886</u>

Depreciation expense totaled \$77,933, \$35,058, and \$3,300 in 2012, 2011, and 2010, respectively. During the year ended December 31, 2012 and 2011, leasehold improvements totaling \$133,962 and \$126,496, respectively, were paid for by the landlords of the Company's offices in California and Georgia in connection with leased office space. These costs are included in property and equipment and are recognized as a reduction of future rent expense per accounting guidance in ASC No. 840, *Leases*. See Note 9 for disclosure of the amount of property and equipment under capital leases.

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Short-term:		
Accrued salaries and vacation	\$ 491,225	\$ 545,081
Current portion of territory release obligations	42,500	41,200
Apprenticeship obligations	34,000	12,000
Other	<u>59,952</u>	<u>51,008</u>
Total short-term accrued liabilities	<u>\$ 627,677</u>	<u>\$ 649,289</u>
Long-term accrued liabilities (Note 11)	<u>\$ 250,000</u>	<u>\$ -</u>

NOTE 7 – LINE OF CREDIT

The Company obtained a revolving line of credit on January 21, 2011 ("Loan Agreement"). Pursuant to the Loan Agreement, the Company has pledged as collateral substantially all receivables, equipment, and fixtures. The terms and current borrowings of the Company's line of credit as of December 31, 2012 are as follows:

<u>Amount Outstanding</u>	<u>Maximum Available Under Line of Credit</u>	<u>Available for Borrowing</u>	<u>Interest Rate</u>	<u>Expiration Date</u>
\$ 50,000	\$ 150,000	\$100,000	7.25%	January 21, 2014

Effective January 21, 2013, the interest rate on the line of credit became the bank's prime rate plus 1.5 percentage points (4.75%).

NOTE 8 – 401(K) SAVINGS PLAN

The Company has a 401(k) plan, administered by Mathnasium, LLC, ("Plan") to provide discretionary retirement benefits for employees providing services to the Company. The Company matches employee contributions up to a maximum of 4% of their annual compensation. The Company's contribution to this plan was \$80,293, \$64,534, and \$47,652 in 2012, 2011, and 2010, respectively.

NOTE 9 – CAPITAL LEASES

The Company leases various furniture and equipment under agreements accounted for as capital leases and included in property and equipment. Depreciation totaled \$4,348, \$2,174, and \$0 in 2012, 2011, and 2010, respectively, and is included in depreciation and amortization expense. The cost, accumulated depreciation, and carrying value of assets under capital lease agreements at December 31 are:

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 9 – CAPITAL LEASES (continued)

	2012	2011
Cost	\$ 21,738	\$ 21,738
Less: accumulated depreciation	(6,521)	(2,174)
Total carrying value	\$ 15,217	\$ 19,564

The leases require the following future minimum lease payments for the years ending December 31:

2013	\$	4,248
2014		4,248
2015		4,248
2016		1,061
Total	\$	13,805

NOTE 10 – OPERATING LEASES

Mathnasium, LLC leases office space in California, Georgia, and Minnesota for the benefit of Mathnasium Center Licensing, LLC. The lease terms include escalation clauses, renewal options, and early termination fees if the Company was to exit a lease before the end of its term.

In 2012, the Company ceased to use office space in Georgia and sub-leased the premises to a third party. The Company recognized an impairment charge of \$32,574, included in rent expense, representing the net present value of minimum lease payments in excess of sub-lease payments due to the Company. The total amount of future rental payments to be received under the sub-lease is \$125,665. Rent expense, net of sub-lease rental income of \$6,570 in 2012 and including lease impairment in 2012, totaled \$208,445, \$146,053, and \$101,665 in 2012, 2011, and 2010, respectively. The leases require the following minimum rental payments for the years ending December 31:

2013	\$	255,063
2014		317,658
2015		324,034
2016		314,627
2017		268,450
Total	\$	1,479,832

NOTE 11 – COMMITMENTS

Included in accrued and other liabilities are \$42,500 in amounts due to franchisees for various territory release agreements and \$250,000 of long-term compensation accruals, payable as follows:

2013	\$	30,000
2014		262,500
Total	\$	292,500

MATHNASIUM CENTER LICENSING, LLC
Notes to Financial Statements (continued)
December 31, 2012, 2011 and 2010

NOTE 12 – RELATED PARTY TRANSACTIONS

Mathnasium, LLC maintains office facilities, bank accounts, the line of credit, and provides all employees for the benefit of Mathnasium Center Licensing, LLC. The associated leasehold improvements, deferred rent, rent expenses, finance charges, and all employee compensation of Mathnasium, LLC employees providing services to the Company are included in these financial statements.

Amounts due from Mathnasium, LLC totaled \$72,403 at December 31, 2012. This included \$4,858 in due from Parent and \$67,545 in accounts receivable from Parent-owned centers. There was \$42,370 at December 31, 2011 included in the due from member account. These amounts consist of royalties and employee salary reimbursements and other expense reimbursements resulting from the Parent's operation of Company-owned learning centers. During the years ended December 31, 2012 and 2011, Mathnasium Center Licensing, LLC paid cash distributions of \$971,564 and \$131,378 for Mathnasium, LLC expenditures and deemed these expenditures as member distributions. The total distributions to Mathnasium, LLC for the years ended December 31, 2012, 2011, and 2010 were \$971,564, \$997,638 (including an \$866,260 non-cash distribution, see below), and \$0, respectively.

In December 2011, Mathnasium, LLC informed the management of Mathnasium Center Licensing, LLC that the due from member balance of \$866,260 at December 31, 2010 would likely not be recoverable since significant government service contracts relied upon by Mathnasium, LLC did not materialize into the anticipated amount of revenue and were not expected to in the future. On December 15, 2011, Mathnasium Center Licensing, LLC and Mathnasium, LLC agreed to deem as a distribution the December 31, 2010 due from member balance of \$866,260 to Mathnasium, LLC. It was also agreed that any net expenditures paid by Mathnasium Center Licensing, LLC on behalf of Mathnasium, LLC would be deemed a distribution to Mathnasium, LLC in the year such expenses were incurred, effective January 1, 2011.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events through February 28, 2013, the date the financial statements were available to be issued, in accordance with ASC No. 855, *Subsequent Events*.

EXHIBIT C
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

MATHNASIUM CENTER LICENSING, LLC

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**MATHNASIUM CENTER LICENSING, LLC
FRANCHISE AGREEMENT**

This FRANCHISE AGREEMENT (“**Agreement**”) is entered into on _____, 20____ (“**Effective Date**”) between MATHNASIUM CENTER LICENSING, LLC, a California limited liability company (“**Mathnasium**,” “**we**,” or “**us**”), and _____ (“**you**”).

DEFINITIONS

“**AAA**” means the American Arbitration Association.

“**Apprenticeship**” means the apprenticeship training program, as detailed in Section 4.2 of this Agreement.

“**Base Royalty**” means the base royalty fee of Five Hundred Dollars (\$500) per month that you must pay to us as detailed in Section 5.2(b) of this Agreement.

“**CCS**” means Mathnasium’s centralized computer system, currently called M2, in its existing form and as it may be changed from time to time.

“**Center**” means a Mathnasium learning center.

“**Center Director**” means a person who meets the description and requirements of Section 4.4 of this Agreement.

“**Competing Business**” means (a) any business that offers math education to children, whether by means of academic instruction, self-guided instruction, tutoring, test preparation, or any form of supplemental educational service; or (b) any business granting franchises, licenses or similar rights, or that participates in partnerships or joint ventures, for the development and/or operation of the type of business specified in subparagraph (a) of this definition (other than a Mathnasium Center franchise operated under a franchise agreement with us).

“**Confidential Information**” means confidential information related to Mathnasium and its business and its franchisees’ businesses. “Confidential Information” includes (but is not limited to) the Manuals, System, customer data, and any data or procedures to which you would not have had access if you were not a Mathnasium franchisee. We own all intellectual property rights and other rights to the Confidential Information.

“**CPI**” means the Consumer Price Index, US City Average, All Items (1967=100).

“**Dispute**” means any dispute, claim or controversy arising out of or relating to this Agreement, or its breach, including any claim that this Agreement or any part hereof or its formation, is invalid, illegal or otherwise voidable or void, or induced by fraud.

“**FDD**” means the Mathnasium Center Licensing, LLC franchise disclosure document.

“**Franchise Fee**” means the initial franchise fee that you must pay us as detailed in Section 5.1 of this Agreement.

“**Fees**” means the Marketing Fee, technology fee, convention fee, and any other fee we are entitled to collect under this Agreement, collectively and as applicable.

“**Gross Receipts**” means your monthly gross receipts from all sources in your operation of the Center, including receipts from student tuition, registration and testing fees, sales of learning materials, hourly per student private tutoring, and from any other offered services we may approve. “Gross Receipts” shall exclude only sales tax receipts that you must by law collect from customers and that you pay to the government, any customer refunds actually paid, and any coupons or promotional discounts approved by us.

“Initial Training Program” means Mathnasium’s initial training program as detailed in Section 4.1 of this Agreement.

“Interim Period” means a period of time following the expiration of the term of this Agreement during which you continue to operate the Center, without signing a Successor Franchise Agreement.

“Manuals” means Mathnasium’s confidential proprietary style guide, manuals, directives, descriptions of the System, and any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media. We own all copyrights and other rights to the Manuals.

“Marketing Fee” means, if you became a franchisee on or prior to March 4, 2013, a monthly fee of two percent (2%) of Gross Receipts, or, if you became a Mathnasium franchisee on or after March 5, 2013, a monthly fee of Two Hundred and Fifty Dollars (\$250) plus two percent (2%) of Gross Receipts. You must pay us this fee on a monthly basis as detailed in Section 5.3 of this Agreement.

“Marks” means the trademarks, service marks, logos, trade dress, commercial symbols, domain names, and similar and related words or symbols, designated by Mathnasium from time to time to identify Centers and the goods and services offered in them.

“Minimum Royalty” means, for any given month, whichever of the following has the greater dollar value for that month: (i) the Monthly Royalty, or; (ii) One Thousand Four Hundred Dollars (\$1,400).

“Monthly Royalty” means the royalty of ten percent (10%) of your Gross Receipts that you must pay us each month as detailed in Section 5.2(a) of this Agreement.

“Opening Date” means the date your Center opens for business by starting Center operations as defined in Section 3.2 of this Agreement.

“Option Agreement” means an agreement between Mathnasium and a franchisee that allows the franchisee to prospectively reserve a territory on condition that the franchisee opens a Center in that territory by a particular date. Mathnasium is not presently offering Option Agreements.

“Option Fee” means the fee that is required to be paid to Mathnasium by a franchisee who entered into an Option Agreement.

“Principal” means a person owning twenty percent (20%) or more of the franchised business or the franchisee entity.

“Royalties” means the Base Royalty, Monthly Royalty, and Minimum Royalty collectively and as applicable.

“Successor Franchise Agreement” means the franchise agreement you must sign at the commencement of any Successor Term to the term of this Agreement.

“System” means Mathnasium’s: (i) education systems, including but not limited to teaching methods, application forms, diagnostic tests, achievement tests, curriculum worksheets, student record books, progress charts, and other student or teacher aids in whatever media; (ii) business systems, including but not limited to marketing, accounting, operational and administrative materials and processes; (iii) know-how; (iv) the CCS; and (v) Confidential Information and Manuals used by us, by you, or in Centers. You acknowledge that: (i) the System is not generally known and is beyond your present skills and experience; and (ii) to develop the System would be expensive, time consuming, and difficult. We own all intellectual property rights, copyrights, and other rights to the System.

“Territory” means the territory described or depicted in Attachment 1 to this Agreement, within which you will locate your Center and conduct learning activities using the System. Some criteria for determining the Territory are discussed in Section 3.3 of this Agreement.

“Transfer” means, when used as a verb, to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this

Agreement, any interest in the Center, or (if you are a corporation or other legal entity) any ownership interest in you. “**Transfer**” means, when used as a noun, any such sale, assignment, etc.

“**Transfer Fee**” means a fee of Six Thousand Dollars (\$6,000) as detailed in Section 18.3(c) of this Agreement.

I. APPOINTMENT

1.1. Furnishing of the FDD. You acknowledge that we provided you with a copy of Mathnasium’s FDD at least fourteen (14) complete calendar days before you signed this Agreement and that we provided you with this Agreement containing all material terms at least seven (7) days before you signed this Agreement. You acknowledge that the FDD Mathnasium provided to you is current as of the Effective Date. You further acknowledge that, aside from information contained in Item 19 of our FDD, we did not furnish you with any oral or written information concerning the actual or potential sales, costs, income, or profits of a Mathnasium franchise before you signed this Agreement.

1.2. Grant. We you as an authorized franchisee of Mathnasium to operate a single Center in the Territory. You promise to carry out the obligations and responsibilities of a Mathnasium franchisee, including acting yourself as (if you are a sole proprietorship) or employing a Center Director.

1.3. Location. You are responsible for selecting a proposed site for your Center after completing the Initial Training Program. You may not locate the Center in your home or in any other residential property. The site must be able to accommodate at least twenty (20) students at one time. Mathnasium has the right to increase these minimum accommodation requirements on reasonable notice. You must obtain Mathnasium’s written approval of the site before you enter into any commitment with the landlord or site owner. Such approval will not be unreasonably delayed or withheld. We have the right to require you and your landlord to sign an addendum to the lease for the Center site, or another form of agreement acceptable to us, requiring the landlord to give Mathnasium written notice if you are in default of your Center’s lease and, in the case of such an event, allowing us the option to assume the lease. We must review and consent to the physical layout of each Center.

1.4. Right to Use Marks and the System. We grant to you a limited license to use: (i) the Marks, and (ii) the System. Your use of the Marks and the System is limited by the terms of this Agreement. We have the right to change the System, Manuals, or Confidential Information at any time. We have the right to store and deliver these in any manner or medium.

II. SALES QUOTAS

Beginning with the twenty-fourth (24th) full calendar month after the Opening Date, you must maintain a minimum enrollment of fifty (50) students. Also beginning with the twenty-fourth (24th) full calendar month after the Opening Date, the Gross Receipts of your Center must not be in the bottom four (4) percent of all Centers in the United States that have been open twelve (12) months or more. If your Center does not meet the minimum enrollment or minimum Gross Receipts requirement for two (2) or more consecutive months, it will be considered an event of default pursuant to Section 15.2 of this Agreement.

III. SITE SELECTION; TERRITORY

3.1. Site Selection. We will not review or authorize your site until after you have completed the Initial Training Program. Our assistance with Territory selection and site selection and our review and authorization of your Territory and site are not representations or guarantees that a Center located within that Territory or at that site will achieve any particular level of success. You agree that we have no liability to you regarding the viability or profitability of your Center.

3.2. Start of Center Operations. You must start Center operations by a date no later than six (6) months after the Effective Date. Your Center operations have started when your Center begins to maintain regular hours during which it is open to existing or potential customers. You acknowledge that we would be damaged by any unreasonable delay in the opening of your Center within the Territory. If you believe that you will not be able to start Center operations within six months after the Effective Date,

you may request an extension from us, in writing, which we may grant for a maximum of two months at our sole discretion. If you have not started Center operations more than six (6) months from the Effective Date and you have not requested or we have not granted an extension, we have the right to immediately terminate your franchise under Section 15.1 of this Agreement without any liability to Mathnasium. If you have not started Center operations by the end of any extension period granted, we have the right to immediately terminate your franchise under Section 15.1 of this Agreement without any liability to Mathnasium.

3.3. Territory; Retention of Rights. You are granted the right to operate one Center in the Territory. You do not have options or rights of first refusal to open any additional centers within the Territory. As long as you are in compliance with the minimum enrollment and Gross Receipts requirements set forth in Section II of this Agreement, we will not establish another franchised, company-owned, or affiliate-owned Mathnasium center within the Territory. Your Territory will consist of the geographic area within the boundaries specifically described or depicted in Attachment 1 to this Agreement. Based upon the demographic data available to us, we believe the Territory contains at least two thousand five hundred (2500) children between the ages of five (5) and nineteen (19) years as of the Effective Date. The actual location of your Center must be inside of the Territory's boundaries and at least one-eighth (0.125) of a mile from the nearest boundary of the Territory, but a greater distance is desirable. The size and boundaries of the Territory will be determined by us based on population density, other demographic information available to us, and other factors. We have the right to reconfigure your Territory, which we may exercise in order to better reflect what we believe to be your Center's target market after you establish your Center's actual location, after you relocate your Center pursuant to Section 3.4 of this Agreement, after a change to the geographic boundaries, zip codes, or demographic makeup of the area in which you have located your Center, after our discovery of an inadvertent error in the creation of your Territory, or after other events or for other reasons that may be additionally specified in the Manuals. If we reconfigure the Territory, we will make commercially reasonable efforts to maintain a demographic makeup in the reconfigured Territory similar to the makeup before the reconfiguration.

Except as explicitly and specifically granted to you herein, all rights in and to the Marks, the System, and the goodwill associated with each of them is hereby reserved to us and any affiliates. Specifically, but without limitation, we and our affiliates retain the right, but shall not be obligated, to:

- (a) franchise and establish company-owned and affiliate-owned Mathnasium Centers outside the Territory;
- (b) establish, operate and franchise the System or any other programs, products and/or services under trade names, trademarks, service marks, or logos other than the Marks within or outside of the Territory;
- (c) sell or provide services and products, whether or not part of the System, using the Marks or other names, trademarks and service marks, under other channels of distribution, within or outside of the Territory. Specifically, without limitation, we or an affiliate have the right to offer instruction services and products directly to customers on the Internet;
- (d) sell or provide services and products, whether or not part of the System, using the Marks or other names, trademarks and service marks to alternative customer types, within and outside of the Territory, including low income students;
- (e) sell other products or services using the Marks or other names, trademarks and services marks, other than primarily a learning center; and
- (f) merge with, acquire, or be acquired by any business, including a company that operates company-owned or franchised businesses that compete with you, even if one or more of those competing businesses operates in your Territory.

3.4. Relocation of Center. Once established at an authorized site, you may not relocate your Center to a location that is outside the Territory. You may relocate the Center to a different location within the Territory only with our prior written consent. Such consent will not be unreasonably delayed or withheld.

IV. TRAINING

4.1. Initial Training Program. All Principals may attend the Initial Training Program that we offer. Your Center Director must attend and successfully complete the Initial Training Program to our satisfaction, except as provided below in Section 4.4. The Principal having the largest ownership interest in the franchise, or in the entity that is the franchisee, if that Principal is someone other than your Center Director, must also attend and successfully complete the Initial Training Program to our satisfaction. Such individuals must attend either the first or second Initial Training Program session that we offer immediately after the Effective Date. Prior to attending the Initial Training Program, attendees are required to review all training materials and complete business and educational assessments. Our Initial Training Program generally takes place over a five-day period and consists of five (5) full days of training. We have the right to increase this training to two (2) non-consecutive weeks. Training sessions will be held in Los Angeles, California, or at another location in the United States. The Franchise Fee covers the cost for two attendees to attend one Initial Training Program (additional attendees may be charged up to Three Hundred Dollars (\$300) per day as tuition). The Franchise Fee also covers the cost of up to six (6) total hotel room nights during the Initial Training Program you attend. No portion of the Franchise Fee is refundable, even if not all hotel room nights are used. You are responsible for any travel and incidental expenses beyond the six (6) hotel room nights. You agree that any and all information about the System and the Manuals that we provide to you during the Initial Training Program are the exclusive property of Mathnasium, and are lent to you for the sole purpose of training to become a Mathnasium franchisee. Neither you nor anyone under your control may reproduce any portion of the System or Manuals or make them available to anyone else without our prior written authorization. You acknowledge that Confidential Information will be disclosed to you during the Initial Training Program, and all of your attendees must execute the *Confidentiality/Non-Competition Agreement* in the form attached as Attachment 3 or Attachment 4 to this Agreement, as appropriate. You agree not to disclose any Confidential Information without our prior written consent for any purpose other than fulfilling the requirements of the Initial Training Program. This confidentiality provision applies to information that has not been disclosed to the public and was not known to you before we disclosed the Confidential Information to you during the Initial Training Program. We can terminate this Agreement due to your inability to successfully complete the Initial Training Program, as determined in our sole discretion, during or at the conclusion of the Initial Training Program, by providing written notice to you, and refunding your Franchise Fee, less marketing, sales, operational and training costs we have incurred in connection with awarding you a franchise and in connection with this Agreement. The termination notice will be effective immediately upon receipt by you or two (2) business days after sending by overnight courier service. You must promptly return all Manuals and information related to the System upon termination of this Agreement. You will still be bound by the confidentiality provision and other provisions that survive termination if this Agreement is terminated.

4.2. Apprenticeship Training Program. All Principals may attend an Apprenticeship training program that is arranged by us. Your Center Director must attend and successfully complete an Apprenticeship to our satisfaction, except as provided below in Section 4.4. The Principal having the largest ownership interest in the franchise, or in the entity that is the franchisee, if that Principal is someone other than your Center Director, must also attend and successfully complete an Apprenticeship to our satisfaction. Apprenticeships generally take place over a four (4) to five (5) day period, after the Initial Training Program, but within the six (6) weeks prior to the opening of your Center. If you are a transferee and are signing this Agreement in connection with the transfer of an existing and operating Mathnasium center to you, we have the right to require you to attend an Apprenticeship within the six (6) weeks immediately following the completion of the Initial Training Program session that you attend. Your Apprenticeship will be held at one of Mathnasium's specially designated apprenticeship host Centers (operated by a Mathnasium franchisee). The Franchise Fee covers the cost for two attendees to attend one Apprenticeship. A third attendee may simultaneously attend this Apprenticeship for an additional fee of Five Hundred Dollars (\$500). If a Principal or Center Director wishes to attend a non-simultaneous program, they may do so for an additional fee of One Thousand Dollars (\$1,000), which entitles up to two (2) attendees to participate in that non-simultaneous program. You are responsible for any travel and

incidental expenses. All Apprenticeship attendees must execute the *Confidentiality/Non-Competition Agreement* in the form attached as Attachment 3 or Attachment 4 to this Agreement, as appropriate.

4.3. Tune-Up Training Program. After your Center opens, from time to time we may require your Center Director or one Principal to attend a two-day tune-up training program, to be held at a location within the United States that we designate, though in no event will we require such attendance within the six (6) months immediately following the opening of your Center. There is no fee for the tune-up training program for up to two attendees. The fee for additional attendees is Three Hundred Dollars (\$300) per person. You are responsible for any travel and incidental expenses. All attendees must execute the *Confidentiality/Non-Competition Agreement* in the form attached as Attachment 3 or Attachment 4 to this Agreement, as appropriate. Instructors may not attend a tune-up training program.

4.4. Center Director Training. The individual who maintains primary responsibility for the day-to-day operations of your Center is designated as your Center Director, as detailed in Section 11.1 of this Agreement. If your Center Director is a Principal, or is an employee of yours who was not previously a Mathnasium instructor for at least six (6) months, that individual must attend an Initial Training Program session and an Apprenticeship, as those are detailed above in Sections 4.1 and 4.2 of this Agreement, prior to beginning his or her responsibilities as Center Director. If you hire an employee who was previously a Mathnasium instructor for at least six (6) months to be your Center Director, or you promote an employee with such experience to the position of Center Director, then that individual must attend and complete a Center Director training session to our satisfaction preferably prior to, but in any event no later than four (4) months after, such hiring or promotion. Center Director training sessions may take place up to four (4) times per year in Los Angeles, California or in other locations in the United States that we designate. Center Director training sessions generally take place over a four-day period, and consist of four (4) full days of training that are tailored to the responsibilities of Center Directors. As an alternative to attending a Center Director training session, such an individual may instead attend an Initial Training Program session, but attendance at a Center Director training session is preferable. There is no fee for such an individual to attend either type of training session, but reservations for attendees must be made at least two (2) weeks prior to the desired training session. You are responsible for any travel, lodging, and incidental expenses for such individuals. All attendees of training sessions must execute the *Confidentiality/Non-Competition Agreement* in the form attached as Attachment 4 to this Agreement, as appropriate.

4.5. Ongoing Training. After completion by all individuals of all respective required training sessions as detailed above in Sections 4.1 through 4.4 of this Agreement, you and your Center Director must participate in and successfully complete ongoing training as prescribed by Mathnasium during the term of this Agreement.

4.6. Supplemental and Repeat Training. We have the right to require you or your Center Director to repeat any training within a reasonable amount of time. Additionally, we have the right to add training sessions to our standard training programs and to require your attendance. We also can require you, within a reasonable amount of time, to participate in and successfully complete specific Mathnasium training sessions that we feel are necessary to upgrade your instructional, business, or Center management skills. We alone will make these determinations based upon our reasonable business judgment.

4.7. Annual Convention. Mathnasium may hold an annual convention in different areas of the country to keep franchisees up to date on instructional techniques and business strategies. We have the right to charge and you must pay an annual convention fee to partially defray convention costs. For your first Center only, the Franchise Fee covers the cost of your annual convention fee for the first convention taking place after the Effective Date. Annual attendance is required. If you are unable to attend, the fee is not refundable.

4.8. Consultation. In addition to the formal training described above, we may (but are not obligated to) provide consultation through more informal methods, such as meetings with you at our office or other locations designated by Mathnasium, phone calls, or visits to your Center. We currently provide you with instructional materials at no charge, as described in our Manuals. We have the right to charge for such items and other items of inventory or instruction in the future.

4.9. Transportation, Lodging, Meals and Other Expenses. Unless otherwise explicitly stated in Section IV, you must pay all expenses for you and your attendees' transportation, lodging, meals, and other expenses incurred in connection with attending any of our training programs.

V. FRANCHISE FEE, ROYALTIES AND MARKETING FEES

5.1. Franchise Fee

(a) When you sign this Agreement, you must pay Mathnasium a Franchise Fee as noted here:

(i) If this Agreement is for your first Center:

___ Thirty-Seven Thousand Dollars (\$37,000)

___ Twenty-Two Thousand Two Hundred Dollars (\$22,200) if you were honorably discharged from the U.S. Armed Forces within the three (3) years prior to the Effective Date; or you are an active duty member of the U.S. Armed Forces on the Effective Date; or

___ Twenty-Seven Thousand Seven Hundred Fifty Dollars (\$27,750) if you were honorably discharged from the U.S. Armed Forces more than three (3) years prior to the Effective Date.

(ii) If you are an existing franchisee and this Agreement is for an additional franchise and is being signed pursuant to a previously signed Option Agreement:

___ Pay the Option Fee as noted in your Option Agreement.

(iii) If you became a Mathnasium franchisee prior to August 6, 2012 and this Agreement is for an additional franchise, and the Effective Date is August 5, 2013 or earlier:

___ Nineteen Thousand Five Hundred Dollars (\$19,500), consisting of an immediate payment of Four Thousand Five Hundred Dollars (\$4,500) and the execution of an interest-free Promissory Note for Fifteen Thousand Dollars (\$15,000), to be paid in monthly installments of Five Hundred Dollars (\$500) for thirty (30) months.

(iv) If you became a Mathnasium franchisee after August 6, 2012 and this Agreement is for an additional franchise:

___ Twenty-Six Thousand Five Hundred Dollars (\$26,500), consisting of an immediate payment of Eleven Thousand Five Hundred Dollars (\$11,500) and the execution of an interest-free Promissory Note for Fifteen Thousand Dollars (\$15,000), to be paid in monthly installments of Seven Hundred and Fifty Dollars (\$750) for twenty (20) months.

No Franchise Fee will be paid if:

___ You are a transferee and are signing the Agreement in conjunction with the Transfer of a franchise to you; or

___ You are an existing franchisee and are signing the Agreement to function as a Successor Franchise Agreement for an expiring franchise agreement.

The Franchise Fee is fully earned by us once paid and is not refundable with one exception: If Mathnasium elects to terminate this Agreement during or at the conclusion of your Initial Training Program as provided in Section 4.1, we will refund to you the Franchise Fee paid less the costs we have incurred in marketing, sales, operational and training costs in connection with awarding you a franchise and in connection with this Agreement.

(b) The Franchise Fee is payable in full when you sign this Agreement. For the first Center, payment must be paid to us via check, cash, money order, wire transfer, or credit card. If you make payment by credit card, you must pay to Mathnasium all credit card processing charges we incur upon your receipt from us of an invoice for such charges. Mathnasium reserves the right to offer financing for franchisee purchases of additional franchises. For additional franchises, all financed payments must be paid to us by electronic withdrawal directly from a depository account under an electronic funds transfer (EFT) arrangement with your bank. The EFT account may be the account already on file for royalty payments or may be a new account. In either case, we may require you to fill out a form authorizing electronic withdrawal from the depository account and to return that form with this Agreement.

5.2. Royalty Payments.

(a) Monthly Royalty. Monthly beginning on the Opening Date, you must pay Mathnasium the Monthly Royalty.

(b) Base Royalty. For your first Center, beginning the first full month after completion of Initial Training by at least one Principal, you must pay Mathnasium the monthly Base Royalty. For your first Center only, the Franchise Fee covers the cost of your first three (3) monthly payments of the Base Royalty. If you already own one or more franchises and this Agreement is for an additional franchise, and your other franchises have not obligated you to pay the full amount of the Base Royalty, then you must begin paying the remainder of the Base Royalty in the first month the additional Center established under this Agreement opens for business.

(c) Minimum Royalty Payment. Beginning with the twenty-fourth (24th) month after the Opening Date, you must pay us on a monthly basis, the Base Royalty, plus the Minimum Royalty.

(d) Royalty Rebate for Top Performers. We presently provide a royalty rebate on Royalties paid for our top performing franchisees. The rebate is equal to two percent (2%) of a franchisee's Gross Receipts for the month for which the franchisee has qualified. A franchisee may not qualify for this rebate unless all Centers owned by that franchisee are operating under franchise agreements dated April 2010 or later. To qualify for the rebate for a given month, a franchisee's total combined Gross Receipts for all Centers owned by the franchisee must rank in the top eight percent (8%) of all such combined Gross Receipts totals for all Mathnasium franchisees for that month. We can change or terminate this rebate at any time.

5.3. Marketing Fees.

(a) General. Monthly beginning with the month of the Opening Date, you must pay us the Marketing Fee. Marketing Fees are our property and may be deposited by us into our general operating account, but administratively segregated in our records. We determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location, and all other matters relating to advertising, public relations and promotional campaigns. Marketing Fees are spent to benefit the entire system, and we make no promises or guarantees on how, or if, any particular marketing effort on which Marketing Fees are spent will affect your individual Center.

(b) Additional Assessment; Multi-Area Marketing Programs. On a system-wide basis, we have the right to impose an additional assessment upon all of our franchisees for special designated regional or market-by-market advertising or promotional activities (so long as such assessment is not in substance merely an increase in the Marketing Fees referred to in section 5.3(a) of this Agreement) if Mathnasium franchisees owning a majority of all of its franchised Centers agree to such

additional assessment by vote. All special advertising programs must be approved by us. We have the right to require you to participate in multi-area marketing programs, such as special offers, gift cards, loyalty rewards, contests, promotions, etc. Voting for these purposes will be one vote per center. We reserve the right to set maximum franchisee prices, prices in price promotions, pricing methodology and form, and actual or minimum prices, each to the extent permitted by law.

(c) Use of Marketing Fees. We will expend the Marketing Fees collected from our franchisees to pay for expenses related to the development of marketing materials and processes for use by franchisees and us in national, regional or local advertising, cooperative advertising, market research, public relations, promotional campaigns, internet presence, internet marketing, marketing products and services, and to pay for other marketing, advertising, or promotion efforts. These materials, processes, and efforts will be designed to attract more students to visit and patronize Mathnasium centers and to generally promote and enhance the value of the Marks and the general public's recognition and acceptance of them. These expenses may include, but are not limited to, payments to third party vendors that provide marketing products or services, or compensation of our in-house employees for time devoted exclusively to marketing efforts for the purpose of enhancing the Marks and the general public's recognition and acceptance of the Marks. We also have the right to use up to ten percent (10%) of the annual aggregate Marketing Fees collected to pay for our administrative expenses attributable to the administration of our marketing program, including but not limited to prorated portions of our accounting, human resources, and real estate expenses. We will not be required to use collected Marketing Fees in the same calendar year in which they were collected. No interest on unexpended Marketing Fees shall be imputed for the benefit of, or payable to, you and no interest on our expenditures in excess of Marketing Fees collected shall be imputed for the benefit of, or payable to, us. If requested by you in writing, on or before March 31st of each year, we will deliver to you a statement of receipts and expenditures of the aggregate Marketing Fees relating to the preceding calendar year, certified to be correct by one of our officers.

5.4. Payments. Royalties and Fees must be paid to us by electronic withdrawal in accordance with the procedures specified in the Manuals directly from a depository account set up by you for this purpose under an electronic fund transfer (EFT) arrangement with your bank. You must fill out a form authorizing electronic withdrawal from a depository account, attached to this Agreement as Attachment 9. If you do not have a business account by the Effective Date, you will be required to fill out an authorization form for electronic withdrawal from your personal account, and you must fill out a new authorization form for electronic withdrawal from your business account once it is established. You must have opened a bank account for your business operations and submitted to us the EFT form for such account prior to the Opening Date. Royalties and Fees are due on the twentieth (20th) day of the month following the month for which those payments have been calculated and in which they were incurred. If you fail to pay, or have insufficient funds in your depository account to pay, any Royalties, Fees, or other charges by the twenty-fifth (25th) day of that following month, or if we do not withdraw the required funds from your account because you have failed to submit a report of your Gross Receipts for the previous month, then you will owe Mathnasium a Three Hundred Dollar (\$300) administrative fee for the late payment, and an additional Three Hundred Dollars (\$300) for every two (2) weeks after that twenty-fifth (25th) day until both payment and report have been submitted. If you are more than one (1) month delinquent in reporting your Gross Receipts for any month, we can automatically withdraw up to one hundred ten percent (110%) of the Royalties paid in the prior reported month, plus other fees due, including administrative fees for late payments or late reporting. In addition to Royalties and Fees, your statement may indicate additional charges, such as chargeable items, shipping charges, and returned check fees.

5.5. CPI Adjustments. Within sixty (60) days after the beginning of each calendar year, and upon written notice, we can increase the Base Royalty, the Minimum Royalty, and any other fee of a fixed dollar amount up to the greater of (i) three percent (3%) per year or (ii) the percentage increase of the CPI during the previous calendar year. If increases are not made in any given year we do not forfeit our right to allow the increases to accumulate for a period of up to three (3) consecutive years and apply them later. Any adjustments will only be applicable if applied on a system wide basis. No adjustment based on the CPI will be made to the percentage of Gross Receipts charged as Monthly Royalty (10%) or Marketing Fees (2%).

VI. OPERATION OF CENTER

6.1. **Compliance with System.** You agree that your strict compliance with the System is essential to this Agreement. Non-compliance with any discrete element or requirement of the System will be deemed an event of default. If you receive notice from us that you are in default of any such element or requirement, and by thirty (30) days or more after your receipt of the notice we reasonably determine that you have not cured the default, we have the right to assess you a non-compliance fine of Three Hundred Dollars (\$300) per month until you can demonstrate to our satisfaction that you are in compliance with the element or requirement.

6.2. **Center Name.** We will work with you to select a single descriptive community name for your Center. You must operate the Center under the name we assign to you. If there are other communities included in your Territory that your Center may serve and that you want to identify in approved advertising and promotion of your Center, you must obtain our prior written approval to do so. We have the right to subsequently withdraw approval of the use of any of the additional community names other than your assigned name. You may use the Mathnasium logo (the fanciful letter "A" with the word "Mathnasium") for activities associated with the operation of your Center. Any other use of the logo requires our prior written approval. We also have the right to change your Center name if the geographic reference is misleading or otherwise undesirable, in our business judgment. If we require you to change your Center name, we will give you reasonable time to change advertising and promotional material associated with your Center at your cost.

6.3. **Mathnasium Center Sessions.** You must conduct teaching sessions at your Center during at least five (5) days and for at least twenty (20) total hours per week. Each weekday Center session must be at least four hours in duration. You must enter your Center session hours on your Center webpage. Center sessions do not include time devoted to preparing for your Center hours, or marketing, meeting with parents or other business activities. You may not conduct teaching sessions or provide any other services at any location other than your Center, including homes of students, prior to or after the Opening Date.

6.4. **Mathnasium Center Hours.** You must keep your Center open on a "full-time basis" (as defined in the Manuals). You are required to have your telephone answered by a live person (not an answering machine or voicemail system), who is knowledgeable about the Mathnasium program and your Center, during normal retail business hours or a minimum of 10:00am to 3:00pm local time Monday through Friday. If, through monitoring your Center regarding this requirement, we reasonably determine that your telephone is not being answered by a live person (i.e., if a live person does not answer two (2) or more times out of five (5) calls at different times of the day and days of the week), we will provide you with written notice that you are in default of this requirement.

6.4. **Improvements: Services to Students.** You and your instructors must exert reasonable effort to continuously improve your knowledge of and ability to apply the System. You must render prompt, professional, courteous, and willing service to your students and the parents of students enrolled at your Center.

6.5. **Promotion of the Center.**

(a) **Local Promotion of Your Center.** You have an obligation to vigorously promote the enrollment of students at your Center. You acknowledge and agree that you bear the personal and primary responsibility to proactively attract students to your Center, and that you should not rely solely on Mathnasium's sales promotions and goodwill in promoting your Center. In addition to the Marketing Fee required by Section 5.3 of this Agreement, you must spend at least Four Thousand Five Hundred Dollars (\$4,500) in every three (3) consecutive months on local advertising and enhancing the reputation of your Center on a local level for your Center's first year of operation. For the Center's second year of operation and beyond, you must spend at least Six Thousand Dollars (\$6,000) in every three (3) consecutive months on local advertising and enhancing the reputation of your Center on a local level. Upon request, you shall furnish to us, in the manner we prescribe, an accurate accounting of your expenditures on local advertising and promotion. We have the right to monthly withdraw from your EFT account on file an amount to be determined by us, but not to exceed Five Hundred Dollars (\$500), that we will expend on a

local, regional, or national marketing, media, or promotional campaign that we designate that is intended to, at least in part, provide benefit to Mathnasium centers in your geographic area. We will have the right to withdraw an amount greater than Five Hundred Dollars (\$500), but not to exceed One Thousand Dollars (\$1,000), if 50% or more of the franchisees operating in the geographic area covered by the designated campaign and contributing to it vote for the increase. Any amount that we withdraw from your EFT account for such designated campaigns shall be credited toward your Center's local advertising and promotional expenditures required by this subsection (a). We will provide you with written notice before beginning to monthly withdraw any funds for such a designated campaign.

(b) Advertising Approval. We have the right to require copies of some or all advertising pieces to be sent to Mathnasium. If you develop your own proposed promotional materials, you must obtain our written approval prior to using them. Such approval will not be unreasonably delayed or withheld. The promotional materials that we create may be used without our prior written permission, so long as they have not been altered in any way. We are not obligated to pay for advertising materials, whether you create the materials and we approve them or you use promotional materials that we create. All advertising must list the name we assigned to your Center, or if you are advertising jointly with other centers, it must list all participating centers by name. You may not combine advertising for your Center with advertising for any other program or business entity without written permission from us. We assume no responsibility for any claims or damages that may occur as a result of your advertising or promotional activities.

(c) Internet Presence and Promotions. You may not have an Internet site or presence, or offer or sell Mathnasium products or services through the Internet, except as authorized by us in the Manuals or otherwise in writing. You may not advertise for students by social media or using related media or technology, except as authorized by us in writing. We will provide you with a presence on Mathnasium's master website. You must participate in any such website under our rules.

(d) Territory Restrictions. You may not advertise for students in any media read primarily outside your Territory, except as authorized by us in the Manuals. The Manuals, which may be amended from time to time, may contain information on what your advertising abilities and restrictions will be with regard to each particular media you will be using, such as postcards, newspapers, newsletters, and other forms of media. We have the right to otherwise restrict any marketing activities based on where targeted customers are known to reside, or are believed by us to reside. You may only conduct marketing activities outside of what is approved in the Manuals with the prior written approval of Mathnasium, which may be withheld, or withdrawn even after being granted, at our sole discretion.

(e) Signs and Logos. We must approve all signs before you display them to the public at your Center. Such approval will not be unreasonably delayed or withheld. You must use the Mathnasium logo in its proper form and color as required by the Manuals.

(f) Cooperative Advertising. We have the right to designate local or regional advertising cooperatives composed of two or more centers. If such a cooperative is established, we will have the right to require the cooperative to change, dissolve, merge, or terminate. If a cooperative is established and your Center is located inside the cooperative's coverage area, you agree to participate in and contribute your share to cooperative advertising and promotional programs as determined by the cooperative in addition to the Marketing Fees required by Section 5.3 of this Agreement. Any such contributions to cooperative advertising or promotional programs shall be credited toward your Center's local advertising and promotional expenditures required by Section 6.5(a) of this Agreement.

6.6. Computer System and Customer Data. You are not required to have or use a cash register, but you must use CCS to manage all aspects of your business, including all required functionality and processing all customer payments through the system, when this functionality is made available. You must purchase and use the computer hardware and software that we specify for use of CCS, and make such additions and replacements in the future as are necessary. You must have access to the Internet through a broadband connection at your Center to allow you to access the system and to allow communication with us, in compliance with the Manuals. For your first center, beginning with the first full month after the Effective Date, you must pay the then-current monthly technology fee for one (1) license

for the CCS. We have the right to increase this monthly technology fee during the term of this Agreement by providing you with written notice. If you already own one or more centers, you must begin paying the monthly technology fee for the center to be established under this Agreement beginning with the first full month you have access to the CCS for the center established under this Agreement. Additional centers require one (1) additional license each. We have the right to access any data as it pertains to the business. We also reserve the right to access or review any data in your accounting system as it pertains to the business. Mathnasium owns and maintains an exclusive right in all customer and business transaction data. We reserve the right to designate additional software programs or packages that you must use for your Center business. If we specify an additional software program, we will identify it in the Manuals.

6.7. Enrollment of Students. There is no geographic restriction on whom you may enroll at your Center. However, solicitation of students is subject to Section 6.5 (d) of this Agreement.

6.8. Approved Services and Products. You may only offer approved services and products at your Center. Approved services and products are defined in the Manuals and may be changed and modified from time to time. You may only offer services outside of what is approved in the Manuals with the prior written approval of Mathnasium which may be withheld in our sole discretion. Providing services under the federal No Child Left Behind Act is not permitted by Mathnasium. You are not permitted to offer programs at your Center through another company, whether that company is owned by you or not, unless you receive advance approval in writing from Mathnasium.

6.9. Reports. The Manuals specify the monthly reports that you must submit to us, the method of submission, and their due dates. You must also submit an annual reporting summary as described in the Manuals (these reports will include your students' names, addresses, phone numbers, enrollment dates, amounts paid to you and other details that we specify in the Manuals). We also have the right to require specific non-recurring reports. We have the right to add, edit, or change the required reports, their frequency, and the methods of reporting. We have the right to withhold information related to the System if we do not receive the reports by their respective due dates. If you fail to submit any required report within one day following the due date, then you must pay Mathnasium a Three Hundred Dollar (\$300) administrative fee for each late report, and Three Hundred Dollars (\$300) every two weeks thereafter until the report is submitted.

6.10. Books and Records. You must establish and maintain a bookkeeping, accounting and record keeping system conforming to the Mathnasium chart of accounts and other requirements prescribed by us from time to time and accurately record Gross Receipts and other financial information as we prescribe and in the manner we prescribe. If requested by us in advance, you shall submit to us financial statements for Center operations, including a statement of profit and loss and balance sheet for any particularly specified month, quarter, or year and/or year-end income tax returns. You must keep accounting and financial records relating to your Center operations separate from all other business activities not related to the Center business.

6.11. Inventory. You must maintain at all times an adequate supply of materials to operate the Center without interruption.

6.12. Maintenance of Center. You must always maintain a clean, sanitary, safe, and orderly Center. You must immediately repair any broken fixtures and immediately eliminate all safety hazards.

6.13. Professionalism. You must operate your Center at all times in a professional manner. You must not engage in deceptive, misleading, unethical, immoral or illegal conduct. You must not make any false or misleading or deceptive statement or representation or advertising concerning Mathnasium or its authorized franchisees. You must demonstrate in the operation of your Center the ability to operate within the bounds of a franchise system, showing professionalism in your relationships with Mathnasium, other Mathnasium franchisees, and your customers.

6.14. Response to Complaints. You must respond to any individual or entity that has made any criticisms about you, your Center, your instructors, Mathnasium, or any other Mathnasium franchisee

within five business days after you receive such criticism. You must also send us a written account of any such criticisms within five business days, including a statement of how you remedied the situation.

6.15. Compliance with Laws. You must operate your Center in compliance with all applicable laws, regulations, codes, and ordinances, including, if applicable, requirements to hold or obtain a teacher's certificate and/or to complete course work in education and to obtain and keep in good standing all necessary occupancy or zoning certificates, permits, or licenses.

6.16. Consultation and Inspection.

(a) We have the right to ourselves or through a designated representative, with or without advance notice to you: (i) visit your Center any day of the week and at any time of the day, including hours outside of the hours your Center is open, and if we give advance notice, you and your Center Director must be present; (ii) physically or electronically inspect any materials, products, data, or documents relating to the operation of your Center; (iii) physically or electronically access all accounting records, as they relate to the operation of your Center; (iv) interview parents, students, and your Center employees; (v) contact any parents or students currently or previously enrolled at your Center at any time; and (vi) observe your instructional skill, Center management skill, and System knowledge skill. We also have the right to require the placement and maintenance of video and audio equipment, as specified in the Manuals or otherwise by us in writing, to facilitate the monitoring of learning center activity as well as closer monitoring of instructor interaction with students. You must keep all records relating to each student enrolled at your Center for a minimum period of two years from the student's last day of attending the Center.

(b) Periodically, we may provide you with a quality assurance report regarding your compliance with the System. You must incorporate any changes we recommend to you within thirty (30) days following your receipt of our quality assurance evaluation or report following a Center evaluation. If a specific change has not been made within thirty (30) days or by the time of our next quality assurance evaluation or visit, we have the right to charge you a non-compliance fine of Three Hundred Dollars (\$300) per month for each requested change you have not made until we are reasonably satisfied that the change has been made.

(c) Participation in customer surveys, including exit surveys, is required.

6.17. Variation of Standards. We have the right to waive or modify our standards for any franchisee based on circumstances that we deem important to the successful operation of the franchisee's business or any other reason; provided, however, that nothing in this sentence is intended to disclaim the representations we made in the FDD that we provided to you.

6.18. Mathnasium Privacy Policy. All Mathnasium franchisees are required to review and comply with the privacy policy described on Mathnasium's website in the daily operation of their center. Franchisees are also required to put security measures in place to prevent the disclosure of the confidential information of their customers.

VII. MARKS AND SYSTEM

7.1. System. We will provide you with electronic access to our System and Manuals as necessary to operate your Center. Access to the CCS is only granted after Mathnasium receives a completed electronic funds transfer (EFT) form, attached to this Agreement as Attachment 9. This form authorizes electronic withdrawal of funds from a depository account for Royalties, Fees, and other fees. You must purchase other items bearing the Marks only from us or other sources we designate or approve, unless we waive this requirement in writing. You must follow our requirements when you use the Marks.

7.2. No Unauthorized Use or Copying. You may not duplicate, reproduce, or distribute any portion of the Manuals or information related to the System, or allow anyone other than an enrolled student in your Center or instructors, while employed by you, to receive any portion of the Manuals or information related to the System without our prior written consent.

7.3. Acknowledgment of Status and Ownership. You acknowledge that you do not own any rights in the Marks or the System. You agree that you will not hold yourself out to the public as owning any such rights, and that you will never contest the validity of, or our rights in, any Marks or the System.

7.4. Limitations. Your right to use the Marks and the System continues only as long as you are an authorized Mathnasium franchisee. You may use the Marks and the System only as specified in this Agreement, the Manuals, and any other written policy that we may adopt. You acknowledge that any use of the Marks or the System other than in the manner we have authorized will be a violation of our rights. You may not use our Marks together with any other marks or logos without our prior written consent.

7.5. Notice of Unauthorized Use. You must report any suspected unauthorized use of the Marks or the System within twenty-four (24) hours after you become aware of it. We will investigate, and we will have the sole right to determine what, if any, action to take regarding the suspected unauthorized use.

7.6. Ownership and Use of Marks. Mathnasium agrees to indemnify you against any loss or damages, including reasonable attorneys' fees, resulting from any lawsuit or other action instituted by any person or entity (other than Mathnasium) challenging your rights to use the Marks or the System.

VIII. CHANGES IN THE MARKS AND SYSTEM

8.1. Modification of the Marks. We have the right to change the Marks in our discretion. You agree to discontinue using particular versions of the Marks, to modify the versions of the Marks you are using, or to adopt substituted Marks, all within reasonable time of any directive from us to you to take such action.

8.2. Modification of the System. We have the right to change the content of the System in our discretion. If we change the System, we will notify you and you must implement the changes within a reasonable time that we specify.

8.3. Services, Programs and Products Developed by Franchisee. You must get our approval in writing, prior to use, for the use of any additional services, programs or products that you develop for your Center. Such approval will not be unreasonably delayed or withheld. If we approve such additional items, you may use them only in your Center. You may not sell or otherwise distribute them. We will have the right, but no obligation, to make any such items part of the System. Whether or not we approve them or make them part of the System, you will not have any copyright or other rights in them. If we make any such items part of the System, we will have all copyright and other rights in them.

IX. MANUALS

We will provide you with digital access to a copy of our Manuals. You do not own any copies of or rights to the Manuals and, to the extent that you print out or digitally retain material from them, we have the right to require you to destroy or return such material to us when your franchise is terminated, pursuant to Section 15.4 of this Agreement. You must adhere to all standards, rules, and regulations contained in the Manuals as though they were set forth in this Agreement. We have the right to modify the Manuals from time to time. We will provide you with at least thirty (30) days' notice of the enforcement of any such modifications. The Manuals remain our property at all times, and the information contained in the Manuals is secret and confidential. Therefore, you and your employees must treat the Manuals as Confidential Information and must not allow any copy or portion of them to be left in an unsecure place at any time.

X. REQUIREMENTS FOR OPENING ADDITIONAL CENTERS

If you have met the requirements listed in this Section 10, we will consider allowing you to open one or more additional Centers. We have the right to modify, add to, or delete any of these requirements.

(a) Your first Center must have been open and operating for at least seven (7) months.

- (b) You must have an average net enrollment growth of five (5) students per month or have maintained an average monthly enrollment of one hundred (100) students for the previous six (6) months.
- (c) You must have shown growth in Gross Receipts of at least One Thousand Two Hundred Dollars (\$1200) per month or have maintained monthly Gross Receipts of Twelve Thousand Five Hundred Dollars (\$12,500) for the previous six (6) months.
- (d) You must sign our then current Mathnasium Center franchise agreement and pay us our then current Franchise Fee for each additional Center.
- (e) You must be in compliance with your current Franchise Agreement for at least six (6) consecutive months preceding your request to open an additional center.
- (f) You must have demonstrated in the operation of your current Center(s) the ability to operate within the bounds of a franchise system, showing professionalism in your relationships with Mathnasium, other Mathnasium franchisees, and your customers.

XI. OWNERSHIP AND MANAGEMENT

11.1. Obligations of Center Director and Principal. The Center Director must attend and successfully complete certain training programs, as specified in Section IV of this Agreement, and personally perform the obligations and requirements specified in this Agreement, including teaching students. The Center Director must oversee, direct and be ultimately responsible for all communications with parents, student assessment and achievement tests, and student workbooks for each student enrolled at your Center. Even if you have hired and designated a Center Director, at least one Principal must personally participate in and devote full-time efforts to the management and operation of the Center.

11.2. Assistants and Instructors. You may employ at your Center one or more qualified assistants or instructors. For all employees of the Center, you must conduct a background check, together with any other checks required by statute, through a reputable investigative company and in accordance with any statutory requirements. You must conduct background checks in accordance with the procedures and requirements set forth in the Manuals for those checks. Background checks must be kept on file at your center according to the instructions in the Manuals and made available to Mathnasium staff upon request, either manually or electronically. You are responsible for adequately training the assistants and instructors according to the specific guidelines in the Manuals and ensuring that they are competent and of good character and comply with all statutory requirements to work with children.

11.3. Absences. You must give reasonable advance notice to us if the Center Director plans to be absent from your Center for a period of two weeks or more. You must make arrangements to ensure that operation of the Center is in full compliance with our standards during your Center Director's absence, and your notice to Mathnasium must describe those arrangements. We have the right to terminate this Agreement if your Center Director is absent from the Center for two weeks or more without notice or without adequate arrangements for operation of the Center during the Center Director's absence, or if your Center Director has excessive absences of any period (with or without notice) that effectively constitute a violation of this Section XI.

11.4. Corporation or Other Legal Entity. If you are a corporation or other legal entity (or if you wish to assign this Agreement to a corporation or other legal entity under Section 18.6 of this Agreement), you must satisfy the following requirements:

(a) We must be given a copy of the organizational and governing documents of the corporation or other legal entity, documents showing all owners of the legal entity and their ownership interest, and documents identifying the persons authorized to execute agreements on behalf of the entity.

(b) We must receive proof that the corporation or other legal entity is in existence and in good standing before you transfer the Agreement to the corporation or other legal entity.

(c) All owners of the entity must personally guarantee all of the entity's obligations under this Agreement by signing the *Guaranty and Assumption of Obligations*, attached as Attachment 7 to this Agreement.

(d) You must designate an individual that Mathnasium approves to act as the Center Director, and he or she must successfully complete certain training programs, as specified in Section IV of this Agreement. You must identify and obtain Mathnasium's approval of all owners, officers, and managers, and explain their management role in the business, on the *Schedule of Owners, Officers and Managers* attached as Attachment 6 to this Agreement. All such approvals will not be unreasonably delayed or withheld.

(e) Owners, officers and managers must sign the *Confidentiality/Non-Competition Agreement* attached as Attachment 3 to this Agreement.

(f) You must complete the *Schedule of Owners, Officer and Managers*, attached as Attachment 6 to this Agreement.

(g) Stock certificates or other documents evidencing an ownership interest in the corporation or other legal entity must include the following specific statement on the certificates:

"THE TRANSFER OF THE EQUITY INTEREST IN THE COMPANY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN FRANCHISE AGREEMENT DATED _____, 20 ____ BETWEEN THIS COMPANY AND MATHNASIUM CENTER LICENSING, LLC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ARTICLES OF INCORPORATION OR ORGANIZATION AND BYLAWS OR OPERATING AGREEMENT OF THIS COMPANY."

11.5. Entity Name. The legal name of a franchisee must not contain the word "Mathnasium" or our Marks or any similar words or wording that may be confusing. In addition, your "doing business as" or "fictitious" name must not be the word "Mathnasium" by itself. Instead, your "doing business as" or "fictitious" name must be the same name as your officially designated Center name, which must contain the word "Mathnasium" and particularly be in the form "Mathnasium of [Area Name]".

XII. INDEPENDENT BUSINESS; TAXES

12.1. Independent Business. You acknowledge that, as a franchisee of Mathnasium, you are the owner and operator of an independent business and not an employee or agent of Mathnasium. You alone have the power to hire and fire your employees and you alone are responsible for complying with any and all applicable local, state, and federal laws, including those pertaining to the employment of your employees (such as minimum wage, federal and state withholding taxes, overtime compensation, child labor, and workers compensation insurance laws).

12.2. Taxes. You agree to pay all applicable taxes and other fees due to any local, state, or federal government arising from the operation of your Center. You agree to hold us harmless from all claims and demands with respect to taxes that you owe arising from the operation of your Center.

12.3. Reimbursement of Payments by Mathnasium. You must pay or reimburse us on demand for any taxes assessed against Mathnasium based on the operation of your Center, but not including Mathnasium's corporate income taxes or any sales tax. You must also pay or reimburse us on demand for all amounts advanced by us, or which we have paid, or which we have become obligated to pay on your behalf. You must also pay us on time for products and services you purchase from us.

XIII. INDEMNIFICATION AND INSURANCE

13.1. Indemnification. You agree to hold harmless and indemnify Mathnasium, its affiliates, and their respective past, present, and future officers, directors, shareholders, agents and employees for any loss, liability, damages, cost, or expense (including attorneys' fees) that we or they may incur arising

out of the operation of your Center, including any act or omission of your employees, contractors and agents that causes injury to any person or property. This indemnity is not limited by the amount of any insurance that you or we carry. Your obligation to indemnify us survives the expiration, termination, or non-extension of this Agreement.

13.2. Insurance. You must obtain and keep in force at all times the insurance coverage that we require, as specified in the Manuals, PROVIDED ALWAYS that you maintain at least the minimum insurance coverage required by law. Your obligation to obtain insurance coverage does not relieve you of any liability under Section 13.1 of this Agreement. We have the right to change the required types and minimum limits of insurance coverage from time to time in our reasonable business judgment. We will notify you in writing of any changes, which will be effective thirty (30) days after you receive the notice.

XIV. TERM AND SUCCESSOR TERM

14.1. Term. The term of this Agreement is five (5) years from the Effective Date, unless it is terminated earlier as provided in this Agreement.

14.2. Rights Upon Expiration. At the expiration of the term of this Agreement, you may extend your right to operate the Center for additional terms ("**Successor Term**") of five (5) years or such other period as we are granting to other franchisees at the time you sign your Successor Franchise Agreement, provided we do not exercise our rights of refusal as set forth in Section 14.3 of this Agreement.

14.3. Right of Refusal to Extend Franchisee's Rights to Operate a Mathnasium Center. We have the right to refuse to extend your rights to operate the Center if you have not met any of the conditions specified below:

(a) You must have notified us in writing of your intent to request a Successor Franchise Agreement, or confirm to us in writing of your intent to sign a Successor Franchise Agreement if we make an inquiry to you, not more than 180 days or less than 90 days before the date this Agreement is scheduled to expire by its own terms.

(b) You must be in full compliance with this Agreement, the Manuals, and any other agreements you have with us at the time of the expiration of this Agreement.

(c) You must not have received more than one written notice of default from us during any calendar year of the term that is expiring. If you received any such notices, you must have been diligent and timely in curing the defaults.

(d) Throughout the term that is expiring, you must have been current with all monetary obligations that you owe us.

(e) You must have had a satisfactory record of customer service and of compliance with our operating standards during the term that is expiring, without regard to actual notices of default.

(f) You must execute our then-current *General Release Form* (the current form of which is attached as Attachment 2 to this Agreement).

(g) You must execute a new franchise agreement ("**Successor Franchise Agreement**") and all other legal agreements in our then-current forms for new franchisees. These agreements may vary in material respects from this Agreement, including, but not limited to, increased Royalties or Fees and a Successor Term equal to, shorter than or longer than five (5) years.

(h) We must be offering new or successor franchises in your Territory at the time you request to enter into a Successor Franchise Agreement and at the time you are prepared to sign the Successor Franchise Agreement. We reserve the right to cease offering franchises in any territory at any time.

(i) You must, upon our request, make capital expenditures that are reasonably required for the renovation and modernization of the Center, its signs, or any other required equipment to reflect our then-current image and standards for new centers.

14.4 Interim Period. If you do not sign a Successor Franchise Agreement prior to the expiration of this Agreement, and you continue to accept the benefits of this Agreement after its expiration, then at our option this Agreement may be treated either as: (i) expired as of the date of its expiration, with you then operating the Center without the franchise or rights to do so, in violation of our rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until either party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of such notice by that other party. In the latter case, all of your obligations 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 you by this Agreement after the termination of this Agreement shall be deemed to take effect upon termination of the Interim Period.

XV. TERMINATION AND OBLIGATIONS UPON TERMINATION

15.1. Termination by Us with No Opportunity to Cure. Mathnasium can terminate this Agreement immediately upon notice to you if any of the following events occurs:

(a) You made any misrepresentations or omitted material information in applying for the franchise.

(b) You misrepresent the performance of your Center by underreporting the Gross Receipts of your Center, the number of students enrolled at your Center, or any quantitative measurement used for evaluating your Center, including but not limited to spending on advertising and number of leads generated.

(c) You fail to obtain Mathnasium's written approval of your Center site prior to entering into a commitment with the landlord or site owner.

(d) You relocate your Center without first obtaining our written permission.

(e) You fail to begin operating the Center within six (6) months from the Effective Date without an extension from us, in writing, or you fail to begin operating the Center by the end of any extension granted by us.

(f) You attempt to copyright, trademark, or patent or otherwise infringe our rights on any programs, services, products, or materials that you develop arising out of the franchise relationship.

(g) Any transfer of an interest in your franchise occurs that does not comply with Section XVIII of this Agreement.

(h) You fail to respond to e-mails or telephone calls from us for a period of two (2) weeks.

(i) You repeat a default listed in Section 15.2 of this Agreement after being given an opportunity to cure.

(j) You are in default under Section 15.2 of this Agreement three (3) or more times within any twelve (12) month period, whether the defaults are the same or different and whether or not you cured them.

(k) Beginning with the twenty-fourth (24th) full calendar month after the Opening Date, your Center does not meet the minimum enrollment or minimum Gross Receipts requirements for two (2) or more consecutive months, as those requirements are described in Section II of this Agreement.

(l) You violate the *Communications Policy* in the Manuals, or the *Franchise Council Policy* in the Manuals, which prescribe acceptable standards of behavior in written or verbal communications within the franchise system, and control the process for establishing all franchise councils and like organizations.

(m) You are in breach of any legal requirement which, in our reasonable discretion, requires that termination must occur.

15.2. Termination by Us with an Opportunity to Cure. Mathnasium can terminate this Agreement by written notice if you fail to cure any monetary breach within ten (10) days from the day that we send you written notice of default. Mathnasium can terminate this Agreement by written notice if you fail to cure any of the breaches specified below within thirty (30) days from the day that we send you written notice of default:

(a) You fail to submit accurate and timely monthly and yearly reports specified in this Agreement or the Manuals.

(b) You fail a review of your Center. You will be given an opportunity to cure any failing areas, with time to cure for each failure at our sole discretion varying from one (1) month to six (6) months.

(c) You fail to complete any of the training requirements specified in this Agreement (including but not limited to those specified in Section IV of this Agreement) or in the Manuals.

(d) You fail to comply with the requirements of Section 11.3 of this Agreement.

(e) You advertise your Center jointly with any other program or business, without our permission.

(f) You or your Center Director violates the restriction on competition in Section 16.1 of this Agreement.

(g) You fail to adhere to the requirements for advertising approval (including approval of websites) specified in this Agreement and in the Manuals.

(h) You fail to comply with any other provision or requirement of this Agreement.

15.3. Automatic Termination with No Notice. Except as otherwise provided by applicable law, the Agreement will terminate automatically without any notice to you, under the following circumstances:

(a) You abandon your Center. Abandonment will be deemed to occur when your Center does not hold class sessions for five (5) or more consecutive days without our prior written approval.

(b) A receiver or trustee is appointed to take charge of your business, or your interest in this Agreement or the Center is levied or attached.

(c) You are convicted or plead guilty to a felony or any other crime involving dishonesty, breach of trust, bodily harm, any crime against children under the age of eighteen, or crime as we, in our reasonable discretion deem serious enough that it would affect your ability to properly run your Center.

15.4. Your Obligations Upon Termination. If this Agreement expires or is terminated, you must comply with the following obligations after the cessation of Center operations:

(a) You must promptly pay all Royalties, Fees, and other payments due to us.

(b) You must immediately discontinue use of all parts of the System including, but not limited to, canceling any advertising that uses the Marks. Upon our request, you must send proof within thirty (30) days of the cessation of Center operations of your efforts to remove all advertising, including internet advertising (regardless of whether you created the listing).

(c) You must immediately destroy or return to us your copy of the Manuals and all information related to the System in your possession or control.

(d) You must immediately remove all interior and exterior signs and other items containing Marks from the Center. You must send digital photographs of your Center within thirty (30) days of the cessation of Center operations that demonstrate that items containing Mathnasium Marks or designs have been removed.

(e) You must immediately notify all students, their parents, and your landlord that you no longer are a franchisee of Mathnasium and therefore are not licensed to use the System or Marks, and, upon our request, provide proof of this notification within thirty (30) days of the cessation of Center operations.

(f) Upon our request, you must immediately submit to us a list containing all students' names, addresses, and telephone numbers and all information on each student's testing and assessments, learning plan, measurements of progress, and current lesson plans. You must then destroy and not retain any copy of such information remaining in your possession.

(g) Upon our request, you must immediately transfer to us all business, financial, accounting, and marketing records relating to your Center.

(h) You must submit monthly reports, as specified in the Manuals, for your final month of operation.

(i) You must fulfill your lease obligations.

(j) At our request, you must transfer to us your rights in or passwords to the telephone numbers, directory listings, domain names (including Facebook and Twitter accounts), and e-mail addresses associated with the Center.

(k) You must continue to indemnify us as provided in Section 13.1 of this Agreement.

(l) You must pay the Base Royalty for the duration of the term of this Agreement unless waived by us in writing.

(m) You must repay to customers of the Center any amounts prepaid for services that you will not be able to provide due to the termination of this Agreement.

XVI. RESTRICTIONS ON COMPETITION

16.1. During the Term of Agreement. During the term or Interim Term of this Agreement, neither you nor your Center Director nor any of your employed instructors may, without Mathnasium's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any Competing Business.

16.2. After Expiration, Termination, Refusal to Extend, or Transfer. For one (1) year following the expiration, termination, or non-extension of this Agreement, or following the approved Transfer of this Agreement by you to a new franchisee, neither you nor your Center Director may, without Mathnasium's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any Competing Business that is operating within fifty (50) miles of the Center or within fifty (50) miles of any other franchised or company owned Center. You agree that this restriction

will not keep you or your Center Director from earning a livelihood, and you acknowledge that its purpose is to protect the goodwill of Mathnasium and its other franchisees. It is not a breach of this Section XVI for you to accept employment as a teacher in a full-time daytime school or a school that is approved by us in writing.

16.3. Non Solicitation of Students. For two (2) years following the expiration, termination, or non-extension of this Agreement, or following the approved Transfer of this Agreement by you to a new franchisee, neither you nor your Center Director may have any contact with any students enrolled at any Center for the purpose of enrolling such students in any Competing Business.

16.4. Time Periods. The running of the time periods in Sections 16.2 and 16.3 of this Agreement will be suspended during any period in which you are not in compliance with those sections. In addition, if a court proceeding or the mediation process specified in Section XX of this Agreement results in enforcement of Section 16.2 or 16.3 of this Agreement, any portion of the time periods in those sections that has not yet run will run from the date of the court order or mediation settlement permitting enforcement.

16.5. Indirect Violations Prohibited. Neither you nor your Center Director may attempt to circumvent the restrictions in Sections 16.1 through 16.3 of this Agreement by engaging in prohibited activity indirectly through any other person or entity.

XVII. CONFIDENTIALITY

17.1. Confidential Information. You acknowledge that as an authorized Mathnasium franchisee, you will have access to, and will make use of, Confidential Information relating to Mathnasium and the System. Neither you nor your Center Director may, during the term of this Agreement, during any Interim Term, or after this Agreement's expiration, termination, or non-extension, use or disclose any Confidential Information that you have obtained as a result of being a Mathnasium franchisee, except in carrying out your statutory responsibilities and responsibilities as a Mathnasium franchisee as specified in the Manuals or by court order. You, and each owner, officer and manager must each sign the *Confidentiality/Non-Competition Agreement* in the form of Attachment 3 to this Agreement. Your Center Director must sign the *Confidentiality/Non-Competition Agreement* in the form of Attachment 4 to this Agreement. Subsequent Center Directors, owners, officers and managers must each also sign a *Confidentiality/Non-Competition Agreement* in the appropriate form, and you must deliver a copy of each signed agreement to us within thirty (30) days after the signer's association with you begins.

17.2. Assistants and Instructors. All assistants and instructors over the age of 18 who are working at your Center must sign the *Confidentiality/Non-Competition Agreement* in the form of Attachment 5 to this Agreement before starting employment. You must keep the original signed agreement in the employee's personnel file, and you must deliver a copy of the signed agreement to us within thirty (30) days after (i) the Effective Date, or (ii) the date a subsequent hired assistant's or instructor's employment with you begins. Any other employees who have not previously signed a *Confidentiality/Non-Competition Agreement* must do so before attending any Mathnasium training program or convention.

XVIII. TRANSFER BY YOU

18.1. No Transfer Without Mathnasium's Consent. Neither you nor any of your owners (if you are a corporation or other legal entity) may make any Transfer or permit any Transfer to occur, including a Transfer of an ownership interest in you (if you are a corporation or other legal entity), without obtaining Mathnasium's prior written consent as provided in Sections 18.2 through 18.4 of this Agreement. We have the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed Transfer. Mathnasium will not unreasonably withhold, delay or condition its consent to any proposed Transfer that meets the requirements outlined in this Section.

18.2. Transfer of Entire Business Tentative Approval. If you propose to Transfer your entire Center business, the following conditions apply (unless the majority equity interest in the proposed transferee is owned by you, or any of these conditions are waived by Mathnasium in writing):

(a) You must have owned the Center and the Center must have been in operation for at least six (6) months.

(b) You must be in compliance with all of your obligations to Mathnasium, including all monetary obligations, as of the date of the request for our approval of the Transfer, or you must make arrangements satisfactory to Mathnasium to come into compliance by the date of the Transfer.

(c) You must give us advance notice of the proposed Transfer and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. We will have a reasonable time (not less than fifteen (15) days) after we have received all requested information to evaluate whether to give tentative approval of the Transfer. If we give tentative approval of the Transfer, we will allow the proposed transferee into our Initial Training Program. However, you may not complete the Transfer until you have received Mathnasium's final approval in writing. You must comply with the requirements in Section 18.3 before Mathnasium will give its final approval.

18.3. Transfer of Entire Business Final Approval. Unless the majority equity interest in the proposed transferee is owned by you, or any of the following conditions are waived by Mathnasium in writing, the following conditions must be satisfied before Mathnasium will give its final approval of a Transfer:

(a) The proposed transferee, or its owners if it is a business entity, must demonstrate to Mathnasium's satisfaction that he, she, or they meet all of our then current requirements for becoming a Mathnasium franchisee. We have the right to reject the proposed transferee on any pertinent grounds at our discretion but will not unreasonably do so. At a minimum, the proposed transferee must, at their own expense:

(i) Travel to Los Angeles, California for interviews and receive Mathnasium's prior written consent;

(ii) Himself or herself, in addition to, as applicable, any Center Director, successfully complete the Initial Training Program.

If the proposed transferee is currently a Mathnasium franchisee in good standing, he or she need not complete requirements of (i) and (ii) above, but the proposed transferee must: (1) meet the second Center requirements set forth in Section 10 of this Agreement; (2) not be in default under his or her agreements with Mathnasium; (3) have a good record of student service and compliance with Mathnasium's operating standards; and (4) demonstrate a comprehensive plan for both financial and operational takeover of the additional unit.

(b) The proposed transferee must:

(i) Sign our then current form of franchise agreement, which may have different terms than this Agreement and no initial franchise fee will be due;

(ii) Make arrangements to upgrade the Center, at the transferee's expense, to conform to our then current standards and specifications for new Centers, if such upgrades are necessary to bring the Center into compliance with our then current standards; and

(c) You must pay us a Transfer Fee (no Transfer Fee is required if the Transfer is to a corporation or other legal entity that is owned by all or a majority of the current owners).

(d) You and the transferee must sign an assignment and assumption agreement in a form acceptable to us, whereby you transfer your right to operate a Center in the Territory to the transferee. All individuals that have an ownership interest in the transferee entity must sign a personal guaranty whereby such owners jointly and severally guarantee the full payment and performance of transferee's obligations to us under this Agreement.

(e) You and the transferee must provide us with documents providing evidence of the completion of the transfer from you to the transferee.

(f) You and your owners must sign a general release in favor of Mathnasium, its affiliates, and their respective officers, directors, shareholders, legal representatives, agents, and employees. The release must be in a form that Mathnasium provides or approves, the current form of which is attached to this Agreement as Attachment 2.

(g) You must provide us with written notice from your landlord indicating that the landlord has agreed to the transfer of the lease for the Center to your transferee, or else provide comparable proof demonstrating that the transferee will be able to continue to operate the Center in the location previously used by you.

(h) If you owe Mathnasium a balance on a loan or promissory note, you must pay the entire remaining principal balance and interest on or before the effective date of the Transfer.

18.4. Transfer of Less Than Entire Business. For any proposed Transfer that is not covered by Section 18.2, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. If you are proposing to bring in a partner, you must also comply with Section 11.4 of this Agreement. We will have a reasonable time (not less than fifteen (15) days) after we have received all requested information to evaluate the proposed Transfer. We have the right to withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions. At a minimum, you must comply with Sections 18.2(b), 18.3(c) (if transferring 50% or more ownership of the business), and 18.3(d) of this Agreement.

18.5. Transfer to Spouse or Adult Child. If you propose to Transfer to your spouse or adult child, all applicable conditions in Sections 18.2 through 18.4 of this Agreement will apply, except that:

(a) Your spouse or adult child will not be required to pay a Transfer Fee under Section 18.3(c) of this Agreement.

(b) Your spouse or adult child will continue at the pre-Transfer royalty rate for the balance of your original franchise term.

18.6. Transfer to a Corporation or Other Legal Entity. Mathnasium will consent to the Transfer of this Agreement to a corporation or other legal entity that you form for the convenience of ownership, at no charge to you, provided that you comply with the requirements in Section 11.4, Section 18.2(b) and Section 18.2(c) of this Agreement, and provided that you and the transferee sign an assignment and assumption agreement in a form acceptable to us, whereby the transferee assumes all of your rights and obligations under this Agreement and agrees to be bound by all of the terms and obligations under this Franchise Agreement. All individuals that have an ownership interest in the transferee entity must sign a personal guaranty whereby such owners jointly and severally guarantee the full payment and performance of the transferee entity's obligations to us under this Agreement.

18.7. Death, Incapacity, or Bankruptcy. If you or any of your Principals die, become incapacitated, or enter bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Mathnasium in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest to his or her heir, beneficiary, devisee, or other successor. The Transfer will be subject to the provisions of Sections 18.2 through 18.6 of this Agreement. In addition, if the deceased or incapacitated person is you, a partner, or the Center Director, Mathnasium has the right (but not the obligation) to take over operation of the Center until the successor has completed the Initial Training Program as required by Section 18.3(a) of this Agreement. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 18.2 through 18.6 of this Agreement, the executor may Transfer the decedent's interest to another successor that Mathnasium has approved, subject to all of the

terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 18.7 within a reasonable time after the date of death or appointment of a personal representative or trustee, Mathnasium has the right to terminate the deceased Principal's interest in this Agreement or to terminate this Agreement under Section 15.1 of this Agreement.

18.8. Non-Conforming Transfers. Any purported Transfer that is not in compliance with this Section XVIII is null and void and constitutes a material breach of this Agreement, for which Mathnasium has the right to terminate this Agreement without opportunity to cure under Section 15.1 of this Agreement. Mathnasium's consent to a Transfer does not constitute a waiver of any claims that Mathnasium may have against the transferor, nor is it a waiver of Mathnasium's right to demand exact compliance with the terms of this Agreement.

XIX. TRANSFER BY US

We have the right to Transfer our rights and/or to delegate performance of our obligations under this Agreement, provided that the Transfer does not materially increase your obligations. No Transfer by Mathnasium will relieve you of your obligations under this Agreement. Mathnasium will have no liability to you under this Agreement after the effective date of the Transfer or assignment by Mathnasium to a third party.

XX. DISPUTE RESOLUTION

20.1. Mediation. Except to the extent precluded by applicable law and except for claims of trademark infringement or arising from violations of Sections XVI and XVII of this Agreement, the parties to this Agreement will first attempt to resolve any Dispute pursuant to mediation conducted before a mediator with the American Arbitration Association ("**AAA**") in accordance with AAA Mediation Guidelines, unless the parties agree on a different mediator within fifteen (15) days after either party first gives notice of mediation. Mediation will be conducted in the county where our principal place of business is then located, and will be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert, or counsel for any party with respect to the Dispute and any related matter. The entire mediation process will be confidential.

20.2. Arbitration.

(a) Any Dispute between (i) us or our related entities, and (ii) you, your Principals, any other of your equity owners, or your related entities that is not resolved by mediation within forty-five (45) days in accordance with Section 20.1 of this Agreement, must be resolved by submission to binding arbitration before one arbitrator referred by, and in accordance with the rules of, the AAA.

(b) All hearings and other proceedings will take place in the county where our headquarters is then located.

(c) The arbitration award will be final and binding on the persons or entities bound by this arbitration section, and judgment on the award may be entered in any federal or state court having jurisdiction. Any arbitration will be conducted individually and not as a class, and will not have any binding effect on other court actions or arbitrations.

(d) If any person or entity bound by this arbitration provision fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(e) The provisions of this Section 20.2 are intended to benefit and bind certain third-party non-signatories.

(f) No party is prohibited from seeking a full or partial summary judgment disposing finally of part or all of a claim or defense in an arbitration proceeding. The arbitrator is empowered to grant or deny such summary judgment motions under the same procedures and standard of proof as are

then used under the Federal Rules of Civil Procedure. Such motions may be submitted through written submissions and brief telephone conference oral presentations by counsel, without live witness testimony.

20.3. Injunctive Relief and Summary Judgment Motions in Arbitration.

(a) Any party has the right in a proper case (including without limitation (i) any Dispute involving the ownership, right to use, or enforcement of the System or Marks and (ii) any request for preliminary injunctive relief under Section 23.4 of this Agreement) to attempt to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, without the necessity of posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of One Thousand Dollars (\$1,000) will be sufficient bond (this amount may be adjusted according to changes in the CPI since the Effective Date). You acknowledge that you are one of a number of licensed franchisees using the System and Marks and that failure on your part to comply fully with any of the terms of this Agreement respecting the foregoing obligations regarding examinations, audits, and Marks could cause irreparable damage to us or other Mathnasium franchisees and businesses. If an arbitration proceeding has started pursuant to Section 20.2 of this Agreement, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. This covenant is independent, severable, and enforceable notwithstanding any other rights or remedies that any party may have.

(b) No party is prohibited from seeking in an arbitration proceeding a full or partial summary judgment disposing finally of part or all of a claim or defense. The arbitrator is empowered to grant or deny such summary judgment motions under the same procedures and standards of proof as are then used under the Federal Rules of Civil Procedure. Such motions may be submitted to the arbitrator through written submissions and brief telephone conference oral presentations by counsel, without live witness testimony.

20.4. Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making a decision or exercising a right. Our decisions or actions will be deemed to be the result of such reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decisions or actions are intended, in whole or significant part, to promote or benefit franchisees and our system generally even if the decision or action also promotes our financial or other individual interests. Examples of items that will promote or benefit franchisees and our system generally include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product or service quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of franchisees and our system generally. Business involves subjective judgment, and we do not indicate or guarantee, to any degree, your success or profitability.

20.5. Survival. The terms of this Article XX, including but not limited to the arbitration provision of Section 20.2, will survive and remain in full force and effect following termination, expiration, or non-extension of this Agreement.

XXI. APPLICABLE LAW; VENUE

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of California and any dispute between you and us, whether arising under this Agreement or from any other aspect of our relationship, shall be governed by and determined in accordance with the substantive laws of the State of California, which laws shall prevail in the event of any conflict of law, except that the parties expressly agree that the provisions of the California Franchise Relations Law, California Franchise Investment Law, or any other California law providing specific protection to franchisees residing in the State of California, shall not apply to any franchisee that resides or operates a center outside the State of California. You and we have negotiated regarding a forum in which to resolve any disputes that may arise between us and have agreed to select a forum in order to promote stability in our relationship. Therefore, if a claim is asserted in any legal proceeding involving you or any of your

owners and us, then we all agree that the exclusive venue for disputes between them shall be in the District Court for the City of Los Angeles, California, or the United States District Court for the Central District of California, and we each waive any objection we may have to the personal jurisdiction of or venue in such courts.

XXII. LEGAL FEES

The prevailing party or parties in any arbitration, suit, action, or appeal to enforce any term of this Agreement will be entitled to recover from the non-prevailing party reasonable attorneys' fees and costs.

XXIII. MISCELLANEOUS

23.1. Notices.

(a) All notices that the parties to this Agreement give under this Agreement shall be in writing and shall be sent by either (i) E-mail or fax service with proof of receipt or (ii) reliable courier service (such as FedEx) that obtains a receipt upon delivery and addressed as follows:

(i) If to us, to:

MATHNASIUM CENTER LICENSING LLC
5120 W GOLDLEAF CIRCLE, SUITE 300
LOS ANGELES CA 90056
E-mail address: gabe.wintner@mathnasium.com

(ii) If to you, to:

E-mail address: _____

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given on the earlier of (i) when actually delivered, (ii) at the sender's local time on which RPost's Registered Receipt e-mail indicates that the authorized electronic mail agent of the recipient has accepted the Registered E-mail message, or (iii) two business days after deposit with a reliable overnight delivery service.

23.2. Construction and Severability. The language of this Agreement will in all cases be construed according to its fair and plain meaning and not strictly for or against either you or us. "Includes", "including", and similar words shall not be given a restrictive interpretation, and words used as examples shall not limit the generality of antecedent words or phrases. Each clause or any part at all of this Agreement is to be regarded as severable from and independent of the others. This means that should any clause or any part at all of this Agreement be found to be unenforceable or invalid, it will not affect the enforceability or validity of the rest of this Agreement.

23.3. Waiver. No course of dealing between you and us will operate as a waiver of any right, power, or remedy conferred by this Agreement or by any existing or future statute or law.

23.4. Injunctive Relief. You agree that in the event of a violation of this Agreement, the remedies available to us at law may be inadequate, and we will be entitled to specific performance of any term contained in this Agreement or a preliminary or permanent injunction against the breach of any such term.

23.5. Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof; provided, however, that nothing in this

sentence is intended to disclaim the representations we made in the FDD that we provided to you. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. No officer or employee or agent of ours has any authority to make any representation or promise not contained in this Agreement. You acknowledge and agree that you have signed this Agreement without reliance upon any such unauthorized representation or promise. This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto. Nothing in this Agreement or any related agreement is intended to disclaim any representation made by Mathnasium in the FDD.

23.6. Amendments. This Agreement can be modified only by a written amendment signed by authorized representatives of each party.

THIS AGREEMENT IMPOSES IMPORTANT LEGAL OBLIGATIONS ON YOU. THEREFORE WE STRONGLY ADVISE YOU TO OBTAIN COMPETENT AND INDEPENDENT LEGAL AND BUSINESS COUNSEL BEFORE ENTERING INTO THIS AGREEMENT. We believe that fully understanding your rights and obligations before entering into the Agreement is the best way to avoid conflicts. We look forward to a mutual, beneficial relationship.

You represent that the persons signing this Agreement on your behalf have full authority to do so.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and accepted as of the Effective Date.

FRANCHISEE:

MATHNASIUM CENTER LICENSING, LLC:

By _____

By _____

Entity Name _____

Signatory's Title: _____

Signatory's Title _____

Printed Name: _____

Printed Name _____

If one or more individuals will own the Franchise and will be the Franchisee under this Agreement, all such individual owners must execute this Agreement and accompanying attachments (by signing below and wherever else is required) and agree to be bound as individuals by each and every obligation and covenant under this Agreement and accompanying attachments. If an entity will be the Franchisee under this Agreement, an authorized officer of the entity must execute this Agreement on behalf of the entity and all owners of the entity must personally guarantee every obligation of the Franchisee entity under this Agreement by executing the Guaranty and Assumption of Obligations attached hereto as Attachment 7.

x _____

Printed Name _____

x _____

Printed Name _____

x _____

Printed Name _____

x _____

Printed Name _____

x _____

Printed Name _____

List of Attachments to Franchise Agreement:

Attachment 1 - Territory

Attachment 2 - General Release

Attachment 3 - Confidentiality/Non-Competition Agreement – Owners/Officers/Managers

Attachment 4 – Confidentiality/Non-Competition Agreement – Center Directors

Attachment 5 – Confidentiality/Non-Competition Agreement – Employees

Attachment 6 – Schedule of Owners, Officers and Managers

Attachment 7 – Guaranty and Assumption of Obligations

Attachment 8 – Conditional Assignment of Telephone and Directory Listings

Attachment 9 – Electronic Funds Transfer Authorization Form

Attachment 10 – Statement of Prospective Franchisee

ATTACHMENT 1 - TERRITORY

The Territory is an area mutually agreed to and initially described in the following map depiction (you and we acknowledge and agree that the Territory may be adjusted based on the final location of your Center, and if so, a replacement map will be inserted into this Attachment, and we may require that you acknowledge the change by initialing the final map. In the case of a dispute between the version of the Territory map contained in your copy of the Agreement and in our copy of the Agreement, we both agree that the form of Territory map contained in our copy of the Agreement will be deemed to be the controlling Territory map):

ATTACHMENT 2 - GENERAL RELEASE

MATHNASIUM CENTER LOCATION: _____

The individuals or entities that have signed this general release (the "Release") agree as follows:

1. As required by the original Mathnasium Center Franchise Agreement (the "Franchise Agreement") for the Mathnasium Center identified above (the "Center"), and in consideration for Mathnasium's willingness to extend our rights to operate a Mathnasium center, we hereby release MATHNASIUM CENTER LICENSING, LLC, and Related Parties (as defined below) from any and all claims, demands, actions, causes of action, debts, obligations, and liabilities, whether known or unknown, vested or contingent (collectively, "Claims") arising out of or related to the Franchise Agreement or the Center identified above. We acknowledge that Mathnasium is not required to give us, and is not giving us, a reciprocal release.

We give this Release on behalf of ourselves, our heirs, executors, administrators, successors and assigns, and any other person claiming through or under us. The "Related Parties" covered by this Release include all affiliates of Mathnasium and all of Mathnasium's (and affiliates) past and present officers, directors, shareholders, agents, lawyers, contractors and employees.

This Release applies to any transaction, event, or circumstance relating to the Franchise Agreement or the Center on or before the date of this Release. This Release does not apply to Claims that we may have in the future based on events occurring after the date of this Release.

Franchisee hereby expressly waives any and all rights conferred upon Franchisee by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of executing the release, which if known by it might have materially affected its settlement with the released party, including without limitation provisions of the California Civil Code Section 1542.

2. We understand that we may be wrong about facts that we know or believe to be true at the time of signing this Release. We accept and assume the risk of the facts turning out to be different, and we agree that this Release will not be subject to termination or rescission by virtue of any such difference in facts.

3. We each represent that we have not assigned to any person or entity any Claim covered by this Release. We acknowledge that this Release will be a complete defense to any Claim that it covers, and each of us consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

DATED: _____

Printed Name of Entity (if applicable):

Signature

Printed Name of Signer:

Signature

Printed Name of Signer:

TO BE SIGNED BY ALL PERSONS WHO HAVE AN OWNERSHIP INTEREST IN THE FRANCHISE OR IN THE ENTITY THAT IS THE FRANCHISEE.

ATTACHMENT 3 - CONFIDENTIALITY/NON-COMPETITION AGREEMENT
OWNERS, MANAGERS, OFFICERS, AND THEIR SPOUSES

MUST BE SIGNED BY ALL OWNERS AND SPOUSES OF OWNERS, MANAGERS, OFFICERS. USE A SEPARATE AGREEMENT FOR EACH INDIVIDUAL

YOUR NAME: _____ (**Signer**)

YOUR ASSOCIATION TO FRANCHISEE: _____

HOME ADDRESS: _____

FRANCHISEE'S LEGAL NAME: _____

MATHNASIUM CENTER LOCATION: _____

In consideration of Mathnasium Center Licensing, LLC ("**Mathnasium**") granting Signer access to Mathnasium's Confidential Information based on the Franchise Agreement between Mathnasium and the above named Franchisee ("**Franchisee**") and Signer's relationship with the Franchisee, the parties agree as follows:

1. Signer acknowledges that in his/her position as owner (or a spouse or legal domestic partner of owner), manager, or officer of Franchisee, Signer will have access to, and may make use of, Confidential Information of Mathnasium and the Mathnasium System that Franchisee is licensed to use during the term of Franchisee's Franchise Agreement. "**Confidential Information**" means confidential information owned by Mathnasium Center Licensing, LLC and relating to its business and its franchisees' businesses. "Confidential Information" includes (but is not limited to) the Manuals, System, customer data, and any data or procedures to which Signer would not have had access if Signer were not associated with a Mathnasium franchisee.

2. During the term of this Agreement or after its expiration, termination, or non-extension, Signer will not directly or indirectly disclose to any unauthorized person, copy or reproduce, or use for any purpose other than the operation of the Mathnasium Center identified above any Confidential Information that Signer has obtained or had access to as a result of the association with Franchisee, except by court order.

3. Signer agrees that he/she shall not, either directly or indirectly through another person or entity:

a) Have any interest in or association with a Competing Business while Signer is associated with Mathnasium or Franchisee. "**Competing Business**" means (a) any business that offers math education to children, whether by means of academic instruction, self-guided instruction, tutoring, test preparation, or any form of supplemental educational service; or (b) any business granting franchises, licenses or similar rights, or that participates in partnerships or joint ventures, for the development and/or operation of the type of business specified in subparagraph (a) of this definition (other than a Mathnasium Center franchise operated under a franchise agreement with us). Signer further agrees not to teach or assist in teaching students of the Mathnasium center location ("**Center**") named above outside the Center.

b) For one (1) year after ending the association with Franchisee or the expiration, termination, or non-extension of Franchisee's Franchise Agreement with Mathnasium, own, operate, be employed by or have any other interest in or association with a Competing Business that is operating within fifty (50) miles of the Center identified above, or within fifty (50) miles of any other franchised or company-owned Mathnasium Center. Signer agrees that this restriction will not keep Signer from earning a livelihood, and Signer understands that its purpose is to protect the goodwill of Mathnasium and its other franchisees.

c) For two (2) years after ending the association with Franchisee or the expiration, termination, or non-extension of Franchisee's Franchise Agreement with Mathnasium, have any contact with any students enrolled at any Mathnasium Center for the purpose of soliciting their enrollment or enrolling them in any Competing Business.

d) At any time during or after the association with Franchisee and/or Mathnasium, disclose to any unauthorized person, copy or reproduce, or use for any purpose other than the operation of a Mathnasium Center, any confidential information of Mathnasium that may be communicated to Signer.

4. The running of the time periods in Paragraph 3b and 3c above will be suspended during any period in which Signer is not in compliance with those sections. In addition, if a court proceeding or the mediation process results in enforcement of Paragraph 3b or 3c, any portion of the time periods in those sections that has not yet run will run from the date of the court order or mediation settlement permitting enforcement.

5. This Agreement will be governed by the laws of the state where the Center is located as identified above.

6. If a court or arbitrator determines that any of these restrictions are overbroad, the parties agree to be bound by any lesser restriction that the court or arbitrator determines to be enforceable. **Signer acknowledges that violation of any of these restrictions would result in immediate and irreparable injury to Mathnasium. Accordingly, Signer consents to the entry of an injunction prohibiting him/her from violating these restrictions.**

DATED: _____

SIGNER:

MATHNASIUM CENTER LICENSING, LLC

Signature

By: _____

Printed Name of Signer

Signature of Witness

Printed Name of Witness

ATTACHMENT 4 - CONFIDENTIALITY/NON-COMPETITION AGREEMENT
CENTER DIRECTORS

YOUR NAME: _____

YOUR ASSOCIATION TO FRANCHISEE: Center Director

HOME ADDRESS: _____

FRANCHISEE'S LEGAL NAME: _____

MATHNASIUM CENTER LOCATION: _____

In consideration of the employment or contractual relationship between me and the Mathnasium Center franchisee identified above ("**Franchisee**"), I agree as follows:

As a result of my relationship with the Franchisee, I may receive or otherwise become aware of confidential information of Franchisee's national franchisor, Mathnasium Center Licensing, LLC ("**Mathnasium**"). I agree that I may not at any time during or after my association with the Franchisee, either directly or indirectly, disclose to any unauthorized person, copy or reproduce, or use for any purpose other than the operation of the Mathnasium center location ("**Center**") named above, any confidential information of Mathnasium that may be communicated to me, or that I otherwise receive or become aware of. "**Confidential Information**" means confidential information owned by Mathnasium and relating to its business and its franchisees' businesses. "Confidential Information" includes (but is not limited to) the Manuals, System, customer data, and any data or procedures to which I would not have had access if I were not associated with a Mathnasium franchisee.

During my association with Franchisee, I will not (i) have any interest in or association with a Competing Business, or (ii) divert any prospective students or existing students of the Center to any Competing Business. "**Competing Business**" means (a) any business that offers math education to children, whether by means of academic instruction, self-guided instruction, tutoring, test preparation, or any form of supplemental educational service; or (b) any business granting franchises, licenses or similar rights, or that participates in partnerships or joint ventures, for the development and/or operation of the type of business specified in subparagraph (a) of this definition (other than a Mathnasium Center franchise operated under a franchise agreement with us) .

I agree not to solicit parents of Center students for educational services outside of the Center and not to teach students privately outside the Center whom I met through my work at the Center.

I agree that I shall not, either directly or indirectly through another person or entity:

a) For one (1) year after ending my association with Franchisee or the expiration, termination, or non-extension of Franchisee's Franchise Agreement with Mathnasium, own, operate, be employed by or have any other interest in or association with a Competing Business (which does not include teaching at a not-for-profit public school) that is operating within fifty (50) miles of the Center identified above, or within fifty (50) miles of any other franchised or company-owned Mathnasium Center. I agree that this restriction will not keep me from earning a livelihood, and I understand that its purpose is to protect the goodwill of Franchisee and Mathnasium and its franchisees.

b) For two (2) years after ending my association with Franchisee or the expiration, termination, or non-extension of Franchisee's Franchise Agreement with Mathnasium, have any contact with any students enrolled at any Mathnasium Center for the purpose of soliciting their enrollment or enrolling them in any Competing Business.

I understand and agree that the running of the time periods in paragraphs a) and b) above will be suspended during any period in which I am not in compliance with those sections. In addition, if a court

proceeding or the mediation process results in enforcement of paragraph a) or b) above, any portion of the time periods in those sections that has not yet run will run from the date of the court order or mediation settlement permitting enforcement.

This Agreement will be governed by the laws of the state where the Center is located as identified above.

If a court or arbitrator determines that any of these restrictions are overbroad, I agree to be bound by any lesser restriction that the court or arbitrator determines to be enforceable. **I acknowledge that violation of any of these restrictions would result in immediate and irreparable injury to Mathnasium. Accordingly, I consent to the entry of an injunction prohibiting me from violating these restrictions.**

I understand that Mathnasium Center Licensing, LLC is a third party beneficiary of this Agreement and that the restrictions in this Agreement are intended for both the benefit of Franchisee and of the franchisor, Mathnasium Center Licensing, LLC and that Mathnasium Center Licensing, LLC is expressly authorized to independently enforce the restrictions set forth in this Agreement.

CENTER DIRECTOR:

Signature

DATED: _____

Printed Name of Signer

Signature of Witness

Printed Name of Witness

FRANCHISEE:

Signature

DATED: _____

Printed Name of Signer

Individually, if Franchisee is an individual, or as an authorized officer if Franchisee is an entity

ATTACHMENT 5 – CONFIDENTIALITY/NON-COMPETITION AGREEMENT
EMPLOYEES

MUST BE SIGNED BY ALL INSTRUCTORS, ASSISTANT INSTRUCTORS, AND OTHER EMPLOYEES WHO WILL BE GIVEN ACCESS TO THE MATHNASIUM MANUALS OR TRAINING. USE A SEPARATE AGREEMENT FOR EACH INDIVIDUAL.

YOUR NAME: _____

YOUR ASSOCIATION TO FRANCHISEE: Employee _____

HOME ADDRESS: _____

FRANCHISEE’S LEGAL NAME: _____

MATHNASIUM CENTER LOCATION: _____

In consideration of the employment or contractual relationship between me and the Mathnasium Center franchisee identified above (“**Franchisee**”), I agree as follows:

As a result of my relationship with the Franchisee, I may receive or otherwise become aware of confidential information of Franchisee’s national franchisor, Mathnasium Center Licensing, LLC (“**Mathnasium**”). I agree that I may not at any time during or after my association with the Franchisee, either directly or indirectly, disclose to any unauthorized person, copy or reproduce, or use for any purpose other than the operation of the Mathnasium center location (“**Center**”) named above, any confidential information of Mathnasium that may be communicated to me, or that I otherwise receive or become aware of. “**Confidential Information**” means confidential information owned by Mathnasium and relating to its business and its franchisees’ businesses. “Confidential Information” includes (but is not limited to) the Manuals, System, customer data, and any data or procedures to which I would not have had access if I were not associated with a Mathnasium franchisee.

During my association with Franchisee, I will not (i) have any interest in or association with a Competing Business, or (ii) divert any prospective students or existing students of the Center to any Competing Business. “**Competing Business**” means (a) any business that offers math education to children, whether by means of academic instruction, self-guided instruction, tutoring, test preparation, or any form of supplemental educational service; or (b) any business granting franchises, licenses or similar rights, or that participates in partnerships or joint ventures, for the development and/or operation of the type of business specified in subparagraph (a) of this definition (other than a Mathnasium Center franchise operated under a franchise agreement with us).

I agree not to solicit parents of Center students for educational services outside of the Center and not to teach students privately outside the Center whom I met through my work at the Center.

This Agreement will be governed by the laws of the state where the Center is located as identified above.

If a court or arbitrator determines that any of these restrictions are overbroad, I agree to be bound by any lesser restriction that the court or arbitrator determines to be enforceable. **I acknowledge that violation of any of these restrictions would result in immediate and irreparable injury to Mathnasium. Accordingly, I consent to the entry of an injunction prohibiting me from violating these restrictions.**

I understand that Mathnasium Center Licensing, LLC is a third party beneficiary of this Agreement and that the restrictions in this Agreement are intended for both the benefit of Franchisee and of the franchisor, Mathnasium Center Licensing, LLC and that Mathnasium Center Licensing, LLC is expressly authorized to independently enforce the restrictions set forth in this Agreement.

[Signatures on following page.]

EMPLOYEE:

Signature

Printed Name of Signer

Signature of Witness

Printed Name of Witness

DATED: _____

FRANCHISEE:

Signature

Printed Name of Signer

Individually, if Franchisee is an individual, or as an authorized officer if Franchisee is an entity

DATED: _____

ATTACHMENT 6 – SCHEDULE OF OWNERS, OFFICERS AND MANAGERS

List below the names, titles, residential addresses and respective percentage ownership interests of each owner of the Franchise, member of the LLC or shareholder of the Corporation (attach additional sheets if necessary):

Ownership of this Franchise:

1. _____ _____ _____	2. _____ _____ _____
_____%	_____%
3. _____ _____ _____	4. _____ _____ _____
_____%	_____%
5. _____ _____ _____	
_____%	

Owners or Members of LLC/Shareholders of Corporation (if an entity is the contracting party for this Franchise Agreement)(may be different from above):

1. _____ _____ _____	2. _____ _____ _____
_____%	_____%
3. _____ _____ _____	4. _____ _____ _____
_____%	_____%
5. _____ _____ _____	
_____%	

Officers, Managers, Center Director:

1. _____

Title

3. _____

Title

2. _____

Title

4. _____

Title

ATTACHMENT 7 – GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20____, by ***[insert names of each guarantor]***
_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement to which this Guaranty is attached (the "Agreement") by Mathnasium Center Licensing, LLC ("Mathnasium"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to Mathnasium, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ***[insert name of Franchisee entity]*** ("Franchisee") will 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.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Mathnasium of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by Mathnasium of any remedies against Franchisee or any other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Mathnasium 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guaranty shall apply to any amounts recovered from Mathnasium as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

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

GUARANTOR(S)	% OF INTEREST IN FRANCHISEE ENTITY
_____	_____

Print Name: _____

Address: _____

[Additional signatures on following page]

Print Name: _____

Address: _____

Print Name: _____

Address: _____

Print Name: _____

Address: _____

Print Name: _____

Address: _____

Print Name: _____

Address: _____

(Percentage must equal 100)

ATTACHMENT 8 – CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS

In consideration of Mathnasium Center Licensing, LLC ("**Assignee**") concurrently granting a Mathnasium franchise ("**Franchised Business**") to _____ ("**Assignor**"), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, e-mail addresses, Internet website addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of the Franchised Business. This assignment will take effect on the effective date Assignee specifies below. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Assignee. This Assignment is valid on the date signed and is irrevocable. Assignee has the right to fill in, add, or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

ASSIGNOR:

By: _____

Printed Name: _____

Title: _____

Date: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

ASSIGNEE:

MATHNASIUM CENTER LICENSING, LLC

By: _____

Printed Name:

Title:

Effective Date: _____
(to be entered by Assignee on the date of termination, expiration or non-extension of the Franchise Agreement as determined in the sole discretion of Assignee)

To be signed by all persons who have an ownership interest in the franchise or in the entity that is the franchisee.

ATTACHMENT 9 – ELECTRONIC FUNDS TRANSFER AUTHORIZATION



5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056
 Tel: (323) 421-8000 Fax: (323) 417-1555

**ELECTRONIC FUNDS TRANSFER
 AUTHORIZATION FORM**

With our secure Web servers, network, and firewalls, your information is safe. You have less to worry about when paying by Electronic Funds Transfer (EFT) than you do when paying by check. When a check is issued for payment, many different people handle it before it is returned to your bank, and security problems can occur because your information is printed on it. With EFT, your information is encrypted and sent to the Federal Reserve through secure wires of the ACH Network. There is an immediate record of who initiated the payment and the account to be debited. If a fraudulent debit is made to your account, contact your bank to have the transaction reversed. NACHA regulations that govern ACH transactions are designed to protect check writers.

I, _____, ENTER FRANCHISE OWNER NAME & LOCATION HERE authorize MATHNASIUM to initiate variable data entries to my account identified below in payment for **monthly royalties, monthly fees, late fees and other authorized amounts**, when applicable. I understand that MATHNASIUM will debit my account once I have submitted my Royalty Report. If my Royalty Report has not been submitted by the 20th of the month, I understand that Mathnasium will debit my account on or after the 22nd of the month by up to 110% of the Royalties and Fees paid in the prior month, or a late fee of \$300 every two weeks until payment is made. I authorize my financial institution identified below to debit my account each month. I understand that I am in full control of my payment, that I have a right to hold or stop this electronic payment by giving MATHNASIUM written timely notice to reports@mathnasium.com, and that I may revoke this authorization by notifying them by the 25th of the current month to be effected for the following month. In addition, I will immediately notify MATHNASIUM at reports@mathnasium.com of any changes in the information provided on this authorization form. All returned items are subject to an automatic debit from my account, including a maximum returned check fee as permitted by law.

PLEASE COMPLETE SECTIONS 1 & 2, SIGN SECTION 2, AND ATTACH A COPY OF A VOIDED CHECK BELOW. THEN FAX BACK TO (323) 417-1555. THIS FORM WILL OVERRIDE ANY CREDIT CARD AUTHORIZATION FORM OR PREVIOUSLY SUBMITTED EFT FORM ON FILE IF SUBMITTED. ANY INCOMPLETE FORMS WILL BE SENT BACK TO BE REDONE.

<u>SECTION 1</u>		<u>FINANCIAL INSTITUTION INFORMATION</u>	
Bank Name		Phone #	
Type of Account-Checking/Savings/Money Market (CIRCLE)			
ABA Routing # (first 9 digits lower left corner of check)			
Account #			
<u>SECTION 2</u>		<u>AUTHORIZATION</u>	
Signature		Date	/ /
Print Name		Phone #	
A VOIDED CHECK FROM THIS ACCOUNT MUST BE ATTACHED.			

Attach Voided Check Here

NOTE: Voided Check must be **PREPRINTED** with the following information:

- Account Holder's Name or Business Name
- Address
- Phone Number (optional)
- Bank Name and Phone Number
- ABA Routing Number
- Bank Account Number

ATTACHMENT 10 – STATEMENT OF PROSPECTIVE FRANCHISEE

The following must be completed by each individual who will have an ownership interest in the franchise or in the entity that will be the franchisee.

A. The following dates are true and correct:

- 1. _____, 20____ _____
 (Date) (Initials) The date on which I received a Franchise Disclosure Document about the Mathnasium franchise.

- 2. _____, 20____ _____
 (Date) (Initials) The date on which I signed the Mathnasium Franchise Agreement (must be at least 14 days after 1).

- 3. _____, 20____ _____
 (Date) (Initials) The earliest date on which I delivered cash, check or other consideration to a Mathnasium franchise sales representative (must be at least 14 days after 1).

B. Representations:

1. No oral, written, or visual claim or representation that contradicted or was not disclosed in the Mathnasium Franchise Disclosure Document was made to me, except:

Initial: _____ (If none, the prospective franchisee shall write "none").

2. Mathnasium Center Licensing, LLC made no oral, written, or visual claim or representation that stated or suggested any financial performance, sales, income or profit levels to me, except:

Initial: _____ (If none, the prospective franchisee shall write "none").

I/we certify the above is true and correct to the best of my/our knowledge.

Prospective Franchisee

By: _____ Date: _____

By: _____ Date: _____

EXHIBIT D
NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND AGENTS FOR SERVICE OF PROCESS IN STATES

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	<p>California Commissioner of Corporations:</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677</p> <p>Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205or (866) 275-2677</p> <p>San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233or (866) 275-2677</p> <p>San Francisco: One Sansome Street, #600 San Francisco, CA 94104 (415) 972 8559or (866) 275-2677</p>	<p>Corporations Commissioner Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505or (866) 275-2677</p>
CONNECTICUT	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
FLORIDA	<p>[Not Applicable]</p>	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221</p>
HAWAII	<p>Commissioner of Securities Hawaii Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722</p>	<p>Business Registration Division Hawaii Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722</p>

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa G. Mennen Law Building, 1 st Floor Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa G. Mennen Law Building, 1 st Floor Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823	Director Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555

EXHIBIT E

TO DISCLOSURE DOCUMENT OF MATHNASIUM CENTER LICENSING, LLC

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to Mathnasium Center Licensing, LLC's Franchise disclosure document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

The following is applicable to you only if you are covered by the franchise law of the referenced state:

CALIFORNIA

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.

Neither we, nor any person or franchise broker disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in the form and containing the information as the Commissioner may by rule or order require, before we ask you to consider a proposed material modification of your franchise agreement.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through

31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The following is added to the disclosure in Item 19 of the FDD: The financial information provided in this Item 19 does not reflect the costs of sales, operating expenses or other costs or expenses that you will incur and that must be deducted from the gross receipts to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your center. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

HAWAII

The following is added to the Cover Page:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY YOU, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY YOU, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

ILLINOIS

The following is added to the disclosure in Item 11 of the FDD: Currently franchisees in the Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry and Will and the Indiana county of Lake must participate in an advertising cooperative covering those counties ("Chicagoland Co-Op"). Currently all members are contributing \$150 per month but this amount is subject to change. However, you will not be required to contribute more than \$18,000 in any calendar year. There are currently no franchisor-owned outlets in the area covered by the cooperative, but if there were, those outlets would contribute in the same manner as other members. Elected board members of the cooperative are responsible for

managing the business affairs of the cooperative. The cooperative operates from bylaws that are available to franchisees to review. Pursuant to the bylaws, financial statements will be prepared annually and will be distributed to the members.

The following is added to the disclosure in Item 22 of the FDD: If your franchise is located in the area covered by the Chicagoland Co-Op, you must sign the Chicagoland Mathnasium Advertising Cooperative Subscription Agreement below when you sign the Franchise Agreement.

Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is not enforceable and is amended to the extent required by Illinois law.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any law of Illinois is void.

Section 19 of the Illinois Franchise Disclosure Act provides that it shall be a violation of the Act for us to terminate your franchise before expiration of its term except for good cause, including a reasonable opportunity to cure certain defaults.

INDIANA

Franchisees in Lake County, Indiana will be required to participate in the advertising cooperative and sign the Subscription Agreement described above under ILLINOIS.

CHICAGOLAND MATHNASIUM ADVERTISING COOPERATIVE

SUBSCRIPTION AGREEMENT

This Agreement, made this _____ day of _____, 20____, by the undersigned franchisee of Mathnasium Learning Centers, LLC or its affiliates (“Franchisee”) and Chicagoland Mathnasium Advertising Cooperative (“Co-op”), is made with reference to the following facts:

- (a) The undersigned Franchisee is a Franchisee of Mathnasium Learning Centers, LLC or its affiliates (the “Franchisor”).
- (b) The undersigned Franchisee owns and operates at least one Mathnasium Learning Center in the Area of Dominant Influence (“ADI”) in which the Co-op operates, more fully described as follows: the Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will and the Indiana county of Lake.
- (c) The Co-op was formed in order to allow franchisees throughout the ADI to contribute to a joint advertising and marketing effort to more fully advertise, promote and build brand awareness for each franchisee's Mathnasium Learning Center business in the ADI. The undersigned Franchisee agrees to join and contribute to the Co-op for the mutual benefit of all franchisees who own and operate Mathnasium Learning Centers in the ADI, and Franchisor, if Franchisor or a subsidiary or affiliate of the Franchisor shall own and operate one or more Mathnasium Learning Centers in the ADI. NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. The undersigned Franchisee agrees to become a member of the Co-op, and the Co-op accepts the membership of the undersigned Franchisee.

2. The undersigned Franchisee acknowledges they have received a copy of the current bylaws of the Co-op and accepts the provisions contained therein.

3. Any controversy or claim arising out of or relating to membership in the Co-op, or to this Agreement, or any breach thereof, including, without limitation, any claim that said agreement, or any part thereof, is invalid, illegal or otherwise voidable or void, or any dispute arising out of or relating to any subscriber's membership in the Co-op shall be submitted in writing to informal mediation before the Franchisor. The Franchisor may choose to mediate, or not to mediate the dispute. Decisions of the franchisor, either electing not to mediate the dispute, or the results of its mediation, shall be delivered in writing and via electronic mail. If, on the thirtieth day after electronic delivery of the decision of the Franchisor, no member or the Co-op shall have, in writing, rejected the Franchisor's decision, the

Franchisor's decision shall be binding upon the parties. Otherwise, the dispute shall be submitted to arbitration before and in accordance with the rules of the American Arbitration Association, and judgment upon the award may be entered in any court of competent jurisdiction. Such arbitration shall take place in Chicago, Illinois, or if no office of the American Arbitration Association shall be located in said city then in the city nearest Chicago, Illinois which has an office of the American Arbitration Association. This arbitration proceeding shall be deemed to be self executing, and in the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear. The prevailing party in arbitration shall receive his costs, including arbitration fees, reasonable attorneys' fees, collections fees, and other reasonable costs incurred in the arbitration process. This section shall be given effect as to all claims, controversies or disputes arising out of or relating to membership in the Co-op, or to this Agreement, even if membership has terminated and this Agreement is no longer in force.

4. The board of directors of the Co-op may enforce by appropriate legal action, through the Arbitration provisions contained in paragraph 3 hereof, the payment of all due and unpaid dues, assessments, and fees, including late fees, attorneys' fees, collections fees, and arbitration fees and costs, for which a member or former member has become obligated by virtue of his execution of this Agreement.

5. This Agreement may be executed by facsimile and in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement on the day and year set forth above.

Entity: _____
Franchisee

Territory: _____
Territory Name

By: _____
Name of Authorized Signatory

Title: _____
Title of Authorized Signatory

Signature: _____

For the Co-op:

By: _____
Name of Authorized Signatory

Title: _____
Title of Authorized Signatory

Signature: _____

MARYLAND

Item 17 of the disclosure document and Sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Item 17 of the disclosure document and any provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the disclosure document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court in the State of California may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17 of the disclosure document and Section 21 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the extent required by Maryland law.

Nothing in the Franchise Agreement or related agreements is intended to disclaim any representations that we may have made in the latest franchise disclosure document that we delivered to you prior to signing the agreement.

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.

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

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

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

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

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 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 the person from membership in the association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including 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:

Except as described above, neither we, our affiliates, predecessors, officers, nor general partner 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.

NORTH DAKOTA

Sections of the disclosure document and Franchise Agreement requiring you to consent to the jurisdiction of courts outside of North Dakota or providing for resolution of disputes to be outside North Dakota may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to arbitrate or mediate disputes may require you to consent to a waiver of trial by jury. A waiver of trial by jury may not be enforceable under North Dakota law and any such provisions are amended accordingly to the extent required by law.

Sections of the disclosure document and Franchise Agreement relating to choice of law, may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

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

Sections of the disclosure document and Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under North Dakota law. The disclosure document and Franchise Agreement are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the extent required by law.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the disclosure document and Franchise Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

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

WASHINGTON

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable and are amended to the extent required by law.

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

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

WISCONSIN

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

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

ACKNOWLEDGMENT:

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

DATED this ____ day of _____, 20__.

FRANCHISOR

MATHNASIUM CENTER LICENSING, LLC

By: _____

Printed Name: _____

Title: _____

FRANCHISEE

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

EXHIBIT F



PROMISSORY NOTE

[For additional centers for \$26,500 initial franchise fee]

Los Angeles, California

\$15,000.00

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned ("Borrower") promises to pay to the order of Mathnasium Center Licensing LLC ("Lender"), at 5120 West Goldleaf Circle, Suite 300, Los Angeles, California 90056, or other place that Lender may designate, the principal sum of Fifteen Thousand Dollars (\$15,000.00).

Principal shall be paid in lawful money of the United States of America in twenty (20) monthly payments of Seven Hundred and Fifty Dollars (\$750.00), with the first payment commencing on _____ **{the 1st day of the next calendar month following the date of this Note}**, and continuing on the 1st day of each successive month until [_____] ("Final Payment Date"), at which date any unpaid balance of principal hereof shall be due and payable. **No interest will accrue or be payable through the Final Payment Date;** however, if any amount remains unpaid after the Final Payment Date or if this Note becomes immediately due and payable at the option of Lender upon Borrower's default, interest shall accrue and be payable on the unpaid balance at the rate of 10% *per annum*, and each subsequent payment shall be applied first against any interest then accrued and the remainder against principal.

The note can be prepaid in full at any time without penalty.

At the option of the Lender, the whole of the principal sum then remaining unpaid shall become immediately due and payable, without demand or notice (1) in the event Borrower fails to open the Mathnasium Center (the Center for which this note is in partial payment of the initial franchise fee) within three (3) months from the date of this Note, (2) upon default in payment of any installment when due, or (3) upon termination of the Franchise Agreement between Borrower and Lender. The remedies of Lender are not exclusive, and election by Lender of any remedy hereunder shall not be deemed a waiver of any other remedies that Lender may have. If any payment herein provided for shall not be made at maturity, Borrower further promises to pay all costs of collection and reasonable attorney's fees. Borrower and all endorsers of this Note, and each of them, hereby waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and specifically consent to and waive notice of any renewals, extensions, amendments or modifications of this Note whether made to or in favor of Borrower or any other person or persons. Borrower or any endorser expressly waives the claiming of any statute of limitations as a defense to any demand against each and both of them. This Note shall be construed and enforced in accordance with the laws of the State of _____ **{state were Borrower's center located}**.

Any notice to Borrower shall be given by mailing such notice via overnight commercial delivery service or U.S. certified or registered mail to Borrower at _____ **{street address}** or to such other address as Borrower may designate by notice to Lender. Any notice to Lender shall be to the address stated in this first paragraph of this Note, or to such other address as may have been designated by notice to Borrower.

If more than one person signs this Note, the obligations and authorizations hereunder shall be joint and several.

Dated: _____

By: _____

Entity: _____
(if applicable)

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

If the Borrower is not an entity, this promissory note must be signed by all owners of the entity and their spouse or legal domestic partner. If Borrower is an entity, this promissory note must be signed by an authorized signatory and all owners of the entity and their spouse or legal domestic partner must sign the Guaranty attached to this Promissory Note.



PROMISSORY NOTE

[For additional centers that qualify for \$19,500 initial franchise fee]

Los Angeles, California

\$15,000.00

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned ("Borrower") promises to pay to the order of Mathnasium Center Licensing LLC ("Lender"), at 5120 West Goldleaf Circle, Suite 300, Los Angeles, California 90056, or other place that Lender may designate, the principal sum of Fifteen Thousand Dollars (\$15,000.00).

Principal shall be paid in lawful money of the United States of America in thirty (30) monthly payments of Five Hundred Dollars (\$500.00), with the first payment commencing on _____ **{the 1st day of the next calendar month following the date of this Note}**, and continuing on the 1st day of each successive month until [_____] ("Final Payment Date"), at which date any unpaid balance of principal hereof shall be due and payable. **No interest will accrue or be payable through the Final Payment Date;** however, if any amount remains unpaid after the Final Payment Date or if this Note becomes immediately due and payable at the option of Lender upon Borrower's default, interest shall accrue and be payable on the unpaid balance at the rate of 10% *per annum*, and each subsequent payment shall be applied first against any interest then accrued and the remainder against principal.

The note can be prepaid in full at any time without penalty.

At the option of the Lender, the whole of the principal sum then remaining unpaid shall become immediately due and payable, without demand or notice (1) in the event Borrower fails to open the Mathnasium Center (the Center for which this note is in partial payment of the initial option fee) within twelve (12) months from the date of this Note, (2) upon default in payment of any installment when due, or (3) upon termination of the Franchise Agreement between Borrower and Lender. The remedies of Lender are not exclusive, and election by Lender of any remedy hereunder shall not be deemed a waiver of any other remedies that Lender may have. If any payment herein provided for shall not be made at maturity, Borrower further promises to pay all costs of collection and reasonable attorney's fees. Borrower and all endorsers of this Note, and each of them, hereby waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and specifically consent to and waive notice of any renewals, extensions, amendments or modifications of this Note whether made to or in favor of Borrower or any other person or persons. Borrower or any endorser expressly waives the claiming of any statute of limitations as a defense to any demand against each and both of them. This Note shall be construed and enforced in accordance with the laws of the State of _____ **{state where Borrower's center located}**.

Any notice to Borrower shall be given by mailing such notice via overnight commercial delivery service or U.S. certified or registered mail to Borrower at _____ **{street address}** or to such other address as Borrower may designate by notice to Lender. Any notice to Lender shall be to the address stated in this first paragraph of this Note, or to such other address as may have been designated by notice to Borrower.

If more than one person signs this Note, the obligations and authorizations hereunder shall be joint and several.

Dated: _____

By: _____

Entity: _____
(if applicable)

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

By: _____

Printed Name: _____

If the Borrower is not an entity, this promissory note must be signed by all owners of the entity and their spouse or legal domestic partner. If Borrower is an entity, this promissory note must be signed by an authorized signatory and all owners of the entity and their spouse or legal domestic partner must sign the Guaranty attached to this Promissory Note.

GUARANTY

As an inducement to Mathnasium Center Licensing, LLC, a California limited liability company, to accept the above Promissory Note in partial payment of the Initial Option Fee due from _____ ("Company"), a _____ **{Type of Company}** organized under the laws of _____ **{State}**, the undersigned owners of the Company and their spouses or legal domestic partners (collectively, the "Guarantors"), jointly and severally, hereby unconditionally guarantee to Mathnasium Center Licensing, LLC., its affiliates, and its successors and assigns (collectively, "Mathnasium") that all of the Company's obligations under the Promissory Note will be punctually paid and performed.

Upon demand by Mathnasium, the Guarantors will immediately make each contribution or payment required of the Company under the Promissory Note. Each Guarantor waives any right to require Mathnasium to: (i) proceed against the Company or any other Guarantor for any contribution or payment required under the Promissory Note; (ii) proceed against or exhaust any security from the Company or any other Guarantor; or (iii) pursue or exhaust any remedy, including any legal or equitable relief, against the Company or any other Guarantor. Without affecting the obligations of the Guarantors under this Guaranty, Mathnasium may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Company, or settle, adjust, or compromise any amounts due from the Company under the Promissory Note. The Guarantors waive notice of demand for contribution or payment by the Company.

Upon the death of a Guarantor, the Guarantor's estate will be bound by this Guaranty, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

GUARANTORS:

Signature _____ % Ownership DATE: _____

Printed Name

Signature _____ % Ownership DATE: _____

Printed Name

Signature _____ % Ownership DATE: _____

Printed Name

Signature _____ % Ownership DATE: _____

Printed Name

EXHIBIT G

**ACKNOWLEDGMENT OF RECEIPT
OF COMPLETED AGREEMENTS**

The undersigned, personally and as an officer of or manager in any proposed franchisee, if applicable, does hereby acknowledge receipt of the following agreements:

Franchise Agreement, with the following exhibits:

- Attachment 1: Territory
- Attachment 2: General Release
- Attachment 3: Confidentiality/Non-Competition Agreement – Owner/Officer/Manager
- Attachment 4: Confidentiality/Non-Competition Agreement – Center Directors
- Attachment 5: Confidentiality/Non-Competition Agreement – Employee
- Attachment 6: Schedule of Owners, Officers and Managers
- Attachment 7: Guaranty and Assumption of Obligations
- Attachment 8: Conditional Assignment of Telephone and Directory Listings
- Attachment 9: Electronic Funds Transfer Authorization Form
- Attachment 10: Statement of Prospective Franchisee

State Addenda (if applicable)

with all blanks completely filled in and any and all exhibits or addendums in the completed form in which they are intended to be executed by the undersigned. (Note: This receipt must be signed and dated at least seven calendar days before the undersigned executes the Franchise Agreement and related agreements. Do not sign and return documents until at least seven calendar days have elapsed from the date of this receipt.)

I acknowledge that I should review all such documents personally or have my attorney or other advisor review such documents so that I am fully familiar with the franchise and documents prior to signing them or paying any money.

I hereby agree that all information and materials given to me will be used only in conjunction with my consideration of the franchise. All such information and materials shall not be disseminated other than to my advisors, and will be returned to Mathnasium Center Licensing, LLC promptly if I decide not to purchase a Mathnasium franchise.

DATE I RECEIVED THE COMPLETED AGREEMENTS: _____, 20__.

SIGNED: _____

SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

(Attach additional signatures if necessary.)

EXHIBIT H - RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mathnasium Center Licensing, LLC offers you a franchise, it must provide this disclosure document to you at least 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan, New York, Oregon, and Rhode Island require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York and Rhode Island also require that we give you this disclosure document at your first personal meeting with us.

If Mathnasium Center Licensing, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the relevant state agency listed in Exhibit D.

The franchise sellers with whom you worked are: ***[Initial and fill in as applicable]***

- ___ Peter Markovitz, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ David Ullendorff, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Larry Martinek, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Dan Huntington, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ John Moyer, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Mary Feldman, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Shant Assarian, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Greg Herman, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Steve Kwon, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ David Peddie, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Angela John, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Steven Tanaka, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Randy Blue, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Lisa Eastwood, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Natalie Edwards, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Whitney Novak, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
 - ___ Sacha Sorrell, 5120 West Goldleaf Circle, Suite 300, Los Angeles, CA 90056 USA; (877) 531-6284
-
-

Date of Issuance: **March 5, 2013**. The state cover page of the disclosure document lists various Effective Dates for Registration States.

I received the disclosure document dated **March 5, 2013** that included the following Exhibits:

- "A-1" List of Franchised Outlets
 - "A-2" List of Certain Former Franchisees
 - "B" Financial Statements
 - "C" Franchise Agreement
- Attachments to Franchise Agreement:*
- Attachment 1: Territory
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- Attachment 8: Conditional Assignment of Telephone and Directory Listings
- Attachment 9: Electronic Funds Transfer Authorization Form
- Attachment 10: Statement of Prospective Franchisee

- "D" List of Certain State Franchise Authorities (Government Offices) and Registered Agents in Certain States
- "E" State Addenda
- "F" Promissory Notes for Additional Centers
- "G" Acknowledgment of Receipt of Completed Agreements
- "H" Receipt of Disclosure Document

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

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

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the state cover page of this disclosure document, stating that you received and downloaded this disclosure document; AND:

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

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mathnasium Center Licensing, LLC offers you a franchise, it must provide this disclosure document to you at least 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

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SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

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

PLEASE SIGN THIS COPY, DATE AND RETURN IT TO MATHNASIUM CENTER LICENSING, LLC, 5120 WEST GOLDLEAF CIRCLE, SUITE 300, LOS ANGELES, CALIFORNIA 90056.