

FRANCHISE DISCLOSURE DOCUMENT

DALE CARNEGIE & ASSOCIATES, INC.

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Dale Carnegie's company-owned Center of Excellence and its franchisees offer Dale Carnegie programs, surveys, services, and business activities (referred to as "Carnegie Programs") to the general public and to business entities. Carnegie Programs (as further defined in the Franchise Agreement and this disclosure document) are instructional programs concerning subjects such as self-improvement, mastering strategic skills, leadership, sales, communication skills, and interpersonal relations. You will conduct Carnegie Programs and provide other Dale Carnegie services.

The total investment necessary to begin operation of a Dale Carnegie franchised business is from \$93,400 to \$245,800 (excluding real property). This includes the franchise fee of \$20,000 to \$65,000 as listed on Reference Page of the Franchise Agreement that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Robert D. Rose, Esq. at Dale Carnegie & Associates, Inc., 58 South Service Road, Suite 301, Melville, New York 11747, 631-415-9353.

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

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

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

Date of Issuance: December 22, 2021

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. **Annual Minimum Production.** If you fail to achieve an annual minimum amount of gross revenues at least two times during any five-year period or three times during the term, we may require you to sell your franchise within six months after notice. If you are unable to sell your franchise within such six-month period, we may terminate your franchise agreement which may lead to loss of investment.
3. **Other Risks.** There may be other risks concerning this franchise. Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit D to this disclosure document or your public library for sources of information. Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this disclosure document. If you learn that anything in the disclosure document is untrue, contact the federal trade commission and the state administrator identified in Exhibit C. Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, ITS PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	4
ITEM 3 LITIGATION	8
ITEM 4 BANKRUPTCY	8
ITEM 5 INITIAL FEES	8
ITEM 6 OTHER FEES	11
ITEM 7 ESTIMATED INITIAL INVESTMENT	20
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	24
ITEM 9 FRANCHISEE’S OBLIGATIONS	25
ITEM 10 FINANCING	28
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	28
ITEM 12 TERRITORY	51
ITEM 13 TRADEMARKS	56
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	58
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	60
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	61
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	62
ITEM 18 PUBLIC FIGURES	72
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	73
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	76
ITEM 21 FINANCIAL STATEMENTS	86
ITEM 22 CONTRACTS	86
ITEM 23 RECEIPT	88

EXHIBITS

Exhibit A	Franchise Agreement
Exhibit B	List of Franchisees
Exhibit C	State Administrators
Exhibit D	Agent for Service of Process
Exhibit E	Financial Statements
Exhibit F	State Addenda to the Disclosure Document
Exhibit G	Receipt

ITEM 1

THE FRANCHISOR AND ANY PARENTS, ITS PREDECESSORS, AND AFFILIATES

DALE CARNEGIE

To simplify the language in this Disclosure Document, “Dale Carnegie,” “we” or “us” means Dale Carnegie & Associates, Inc., the franchisor. “Franchisee” or “you” means the individual, corporation or partnership who buys the franchise. If the franchise will operate through a corporation, partnership or other business entity, “you” also includes the franchisee’s owners or partners.

We are a New York corporation incorporated in July, 1955. We do business under the names “Dale Carnegie” and “Dale Carnegie Training”. Our principal business address is 58 South Service Road, Suite 301, Melville, New York 11747, and our telephone number is (631) 415-9300. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service are listed in Exhibit D. We have no parent company, predecessors or affiliates.

We franchise businesses (the “Businesses”) that offer in-person instructional programs, services, surveys, consulting, needs assessments, evaluations, interviews and executive summary sessions concerning subjects such as self-improvement; mastering strategic skills; leadership; sales; communication skills; and interpersonal relations (“Carnegie Programs”) to the general public from one or more training facilities (“Training Facilities”).

Our founder, the late Dale Carnegie, began teaching adult continuing education programs in 1912. In 1930, he began offering and granting Sponsor’s License Agreements.

We have operated one Dale Carnegie business in the United States since September 1963 from a Training Facility we call a “Center of Excellence.” In 2000, we began offering and selling franchises for Dale Carnegie Businesses. We have never offered or granted licenses or franchises for any other type of business.

THE FRANCHISE

We will grant you the limited exclusive right to offer, sell and teach Carnegie Programs at a location you select within a territory we designate. Carnegie Programs means our proprietary instructional programs and related services under the Marks, including, but not limited to, consulting services, organization development products and services, needs assessments, evaluations, interviews and executive summary sessions or any instructional program, system, teaching or management technique, consulting,

advising, educational program, survey or program you propose for a customer which we approve in writing. You may sell and deliver direct in-person training of Carnegie Programs to individuals who work in the Territory through programs open to the general public and companies and Virtual Instructor Led Training to companies located in the Territory. In addition, you may sell Virtual Instructor Led Training to individuals who work in your territory through programs open to the general public, provided that we will deliver such programs.

You must be qualified, willing and ready to offer and conduct all Carnegie Programs. If you do not offer and conduct a Carnegie Course after notice from Dale Carnegie or a specific request from a client, Dale Carnegie may offer and conduct that Carnegie Course in your territory, or authorize someone else to do so. Your right to operate the business is also limited by certain territorial rights that have been reserved by us and your obligation to participate in Dale Carnegie's Strategic/Preferred Accounts Program. (See Item 12)

You must operate your Business in compliance with our standards and specifications in the Franchise Agreement, our confidential Franchise Operating Standards (the "Operations Manual"), and any other guidelines we disseminate.

Under the Franchise Agreement, you will receive a franchise and a license limited to the in-person delivery of Carnegie Programs. While you may sell live, virtual training, we reserve the right to deliver such training. We reserve the right, among other things, to offer, sell and conduct Carnegie Programs or any other product, service or program through these or any other channels or methods of distribution or presentation, including in your territory. Dale Carnegie will share revenues it receives from these activities as provided in the Franchise Agreement.

THE MARKET, THE COMPETITION AND LEGAL REGULATION

The general market for Carnegie Programs is business entities and individuals.

Business entities use Carnegie Programs to help their employees master the strategic skills necessary in today's business environment. Business entities around the world join with Dale Carnegie to formulate training programs that address specific learning priorities. The programs generally involve a multi-step process of diagnosis and design emphasizing behavior-based solutions, practical applications and measurable results. You will have the opportunity to train employees from business entities located in your territory through your direct sales and through Dale Carnegie's Strategic/Preferred Accounts Program. (see Item 12)

Individuals use Carnegie Programs to strengthen their professional and personal performance. Individuals can choose from a range of open-registration programs that you

may offer in your territory as a franchisee of Dale Carnegie. These programs usually include, among others, the Dale Carnegie Program, the Winning With Relationship Selling Program, , the High Impact Presentations Program and the Leadership Training for Results: Unleash Talent in Others. These programs afford participants the chance to master critical business skills while they interact with individuals from other companies and industries.

Your Business will operate in a highly competitive environment. Various businesses compete in the training, self-improvement and seminar arenas, including: private training companies that offer seminars and workshops or develop customized training for companies, often conducting the training in-house, including Blessing White, Development Dimensions International, Franklin Covey, Ken Blanchard, Mercuri International, Miller Heiman, Sandler, Richardson Group and achieve + forum, among others; individual consultants; universities and community colleges conducting executive training and continuing education programs; web-based training programs; and accounting firms that offer training.

Your ability to compete in the market will depend on various factors, including the geographic area of your business; the demographics of your area; your specific site location; your sales and promotion efforts; your particular capabilities in managing your business and Carnegie Program registrations; the demand for programs; general economic conditions; and the level of competition in your territory.

Dale Carnegie and the International Dale Carnegie Franchise Association, working through a Global Accounts Steering Committee, have developed the Dale Carnegie Strategic/Preferred Accounts Program. The purpose of the Strategic/Preferred Accounts Program is to develop marketing programs and assist franchisees and Centers of Excellence in selling Carnegie Programs to customers with locations in more than one territory, fulfilling those customers' needs and permitting the Carnegie System to compete more effectively with other global providers of competing services. (see Item 12)

Your Business will be subject to federal, state and local laws, regulations and guidelines relating to consumer protection, "truth in advertising" and other general regulations that apply to training programs. You will also be subject to general laws relating to businesses, including those relating to employment, labor and taxes. Please consult your lawyer about all of these laws, rules and regulations.

ACCREDITATION

The Accrediting Council for Continuing Education & Training (ACCET) has accredited Dale Carnegie & Associates, Inc since 1975. Per our agreement with ACCET, ALL Dale Carnegie franchisees located in the United States are considered branches and are required to apply for and maintain their ACCET accreditation. ACCET is a private training accreditation body which is recognized by the United States Department of Education and which permits graduates of our programs (taken through an ACCET

accredited office in the United States) to receive a predetermined number of continuing education unit(s). The CEU is defined as ten (10) contact hours of participation in an organized continuing education experience under the direction of qualified instructional personnel. To compute the number of hours that can be awarded, the number of 60-minute clock hours attributed to actual classroom activity is divided by ten (10). Therefore, if a class is two days at eight (8) hours per day, the units awarded would equal 1.6 CEUs. Instructional hours do not include breaks, meals, registration time, etc.

All US Based franchisees/branches must apply for, receive and maintain in good standing accreditation by ACCET. Accreditation is a process by which ACCET grants public recognition to an educational institution, which has voluntarily submitted to an evaluative comparison with established qualifications and standards, both upon initial application and periodically in the years following. A new franchisee must apply for accreditation with ACCET within the first 30 days after signing your Franchise Agreement. ACCET's function is focused upon educational quality, the continuous assessment and improvement of educational practices, and assistance to member institutions in the improvement of these practices within their programs. Information concerning the ACCET Accreditation is available on the World Wide Web at www.accet.org.

Accreditation serves the interests of Dale Carnegie Training® through the establishment of standards, policies and procedures in conjunction with an objective third-party professional evaluation designed to identify and inspire sound education and training practices. When you combine this process with Dale Carnegie's commitment to high standards and accountability, a partnership for quality becomes reality.

Dale Carnegie will invoice franchisees \$1,200 annually to cover the fees associated with the ACCET accreditation process. This annual charge covers Annual Reporting/Sustaining Fees. This fee may increase over the initial term of your contract. We do not anticipate this fee to exceed \$2,000 per year. Accreditation, Reaccreditation and On-site reviews are scheduled by ACCET.

ITEM 2

BUSINESS EXPERIENCE

Chairman of the Board of Directors: Donna Dale Carnegie

Donna Dale Carnegie has served as Dale Carnegie's Chairman of the Board of Directors since October 2014 at Dale Carnegie's principal place of business. Ms. Carnegie has served as a member of the Board of Directors since 1998 at Dale Carnegie's principal place of business.

President, Chief Executive Officer and Director: Joseph Hart

Joseph Hart has served as a member of Dale Carnegie's Board of Directors since May 2015 and has served as President and Chief Executive Officer of Dale Carnegie since June 2015 at Dale Carnegie's principal place of business.

Director: J. Oliver Crom

J. Oliver Crom has served as a member of Dale Carnegie's Board of Directors since January 2000, at Dale Carnegie's principal place of business.

Director: Suzanne Sutter

Suzanne Sutter has served as a member of Dale Carnegie's Board of Directors since July 2014 at Dale Carnegie's principal place of business. Ms. Sutter has been a Consultant for the Make-A-Wish Foundation America, located in Phoenix, Arizona since October 2008.

Director: Michael Crom

Michael Crom has served as a member of Dale Carnegie's Board of Directors since July 2014 at Dale Carnegie's principal place of business. Since January 2014 Mr. Crom has been self-employed as a Sales Consultant in Bluffton, South Carolina.

Director: Christopher Michel

Christopher P. Michel has served as a member of Dale Carnegie's Board of Directors since October 2007 at Dale Carnegie's principal place of business. Since October 2008, Mr. Michel has been Managing Director of Nautilus Ventures in San Francisco, California.

Director: Thomas Patterson

Thomas Patterson has served as a member of Dale Carnegie's Board of Directors since July 2014 at Dale Carnegie's principal place of business. Since October 2020, Mr. Patterson has been the Head of Growth and Strategy for BetterUp in San Francisco, California. From March 2016 to April 2020, Mr. Patterson served as the Chief Executive Officer of Leap Life in San Francisco, California.

Director: Michael Searles

Michael Searles has served as a member of Dale Carnegie's Board of Directors since July 2014 at Dale Carnegie's principal place of business. From October 2013 to January 2019 Mr. Searles served as the Chief Executive Officer of Benjamin Moore & Co., Division of Berkshire Hathaway in Montvale, New Jersey.

Director: Andrew Reiben

Andrew Reiben has served as a member of Dale Carnegie's Board of Directors since May 2021 at Dale Carnegie's principal place of business. Since May 2021, Mr. Reiben has served as the Chief Financial Officer of UPSTACK in New York, NY. He served as the Chief Financial Officer of Dale Carnegie from July 2016 to April 2021 at Dale Carnegie's principal place of business.

Senior Vice President and Chief Franchise Advocate: Jean-Louis Van Doorne

Jean-Louis Van Doorne has served as Senior Vice President and Chief Franchise Advocate since February 2014 at Dale Carnegie's principal place of business.

Chief Operating Officer and Chief Marketing Officer: Christine Buscarino

Christine Buscarino has served as Dale Carnegie's Chief Operating Officer since October 2021 and Chief Marketing Officer since January 2019 at Dale Carnegie's principal place of business. Ms. Buscarino served as SVP Marketing & Ecommerce for Adrianna Papell from August 2016 through December 2018 in New York, New York.

Chief Growth Officer: Dan Heffernan

Dan Heffernan has served as Chief Growth Officer since November 2019 at Dale Carnegie's principal place of business. He served as Chief Sales Officer for Dale Carnegie from September 2015 through October 2019.

Vice President of Customer Transformation: Ercell Charles

Ercell Charles has served as Vice President of Customer Transformation of Dale Carnegie since November 2019 at Dale Carnegie's principal place of business. Mr. Charles was Dale Carnegie's Vice President of Training from February 2016 until October 2019.

Vice President of Information Technology: Christopher Addeo

Christopher Addeo has served as Vice President of Information Technology since February 2015 at Dale Carnegie's principal place of business.

Vice President of Franchise Development: Andre Goldstein

Andre Goldstein has served as the Vice President of Franchise Development of Dale Carnegie since November 2016 at Dale Carnegie's principal place of business.

Vice President of Franchise Development: Abdelmeguid Barakat

Abdelmeguid Barakat has served as the Vice President of Franchise Development of Dale Carnegie since October 2015 at Dale Carnegie's principal place of business.

Vice President of Performance Excellence: Aaron Kent

Aaron Kent has served as Vice President of Performance Excellence for Dale Carnegie & Associates since October 2021 at Dale Carnegie's principal place of business. Mr. Kent served as Senior Director of Franchise Development for Dale Carnegie & Associates from April 2018 to September 2021. From May 2015 through April 2018 Mr. Kent served as Director of Sales Talent Development for Dale Carnegie & Associates.

Director of Human Resources: Myron Harmon

Myron Harmon has served as Director of Human Resources for Dale Carnegie & Associates since September 2017 at Dale Carnegie's principal place of business. From

November 2015 through September 2017 Mr. Harmon served an independent Human Capital Consultant for Dale Carnegie & Associates.

Senior Contracts Counsel: Robert D. Rose

Robert Rose has served as Senior Contracts Counsel of Dale Carnegie since February 2016 at Dale Carnegie's principal place of business.

Dale Carnegie franchisees are not authorized to represent Dale Carnegie in the offer or sale of franchises or otherwise act as a franchise brokers for Dale Carnegie. Dale Carnegie franchisees may put interested employees in touch with Dale Carnegie, but are not authorized to entice or persuade anyone to purchase a Dale Carnegie franchise. Franchisees operate independently of Dale Carnegie, are not Dale Carnegie's agents, employees, or legal representatives, and have no right to contract on Dale Carnegie's behalf. See Exhibit C for a list of current franchisees.

Neither Dale Carnegie nor any person or franchise broker listed in Item 2, above, 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 Dale Carnegie or any of those persons or brokers from membership in any of those associations or exchanges.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Except as otherwise specified below, each of the following initial fees or payments are not refundable and are deemed fully earned by us on payment by the Franchisee.

I. INITIAL FRANCHISE FEE

The Initial Franchise Fee you are required to pay will vary depending on the Revenue Target ("Revenue Target") of your Territory at the time you enter into the Franchise Agreement with us, as shown on the chart below:

REVENUE TARGET	Initial Franchise Fee
\$1,000,000 or less	\$20,000
From \$1,000,001 up to and including \$2,500,000	\$35,000
From \$2,500,001 up to and including \$3,500,000	\$45,000
\$3,500,001 to \$5,000,000	\$55,000
Greater than \$5,000,000	\$65,000

We will calculate your Territory's Revenue Target by multiplying the number of companies in the Territory with more than 25 employees, by either \$150 (if your Business is to be conducted in a Prime County) or by \$60 (if your Business is to be conducted in a Non-Prime County). (See Item 6 Note 1)

Certain franchise candidates who are related parties to the selling franchisor and purchase the existing franchise will receive discounts on the Initial Franchise Fee as follows: (i) current franchisee employees for at least the last 3 consecutive years before such transfer who own less than 10% of the Business will receive a 50% discount; (ii) current shareholders of Franchise who have owned 10% or more of the Business for at least the last 3 consecutive years will receive a 75% discount; (iii) children of the transferor who have worked in a sales or training capacity for the franchise for at least the last 3 consecutive years will receive a 75% discount; and (iv) a spouse of the transferor will receive a 90% discount, if such spouse maintains an active role in the management of the business.

The Initial Franchise Fee is payable when you sign the Franchise Agreement. Dale Carnegie will refund 25% of the Initial Franchise Fee if you do not satisfactorily complete your initial training program ("Franchise Academy"). There are no refunds under other circumstances.

Dale Carnegie uses the proceeds from Initial Franchise Fees to defray a portion of its expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and improving Dale Carnegie services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative expenses.

When you purchase proprietary and non-proprietary required materials from Dale Carnegie, you must pay the prices that Dale Carnegie determines at the time of sale. Dale

Carnegie may increase the prices of required materials it sells to you. However, Dale Carnegie will charge you the same prices as it charges other franchisees. The costs of these purchases are generally non-refundable to you, but you may use the required materials for subsequent Carnegie Programs and, if the Franchise Agreement is terminated or expires, Dale Carnegie will purchase from you all unused, packaged and currently usable or saleable materials in your possession that you purchased from Dale Carnegie at their then-current market prices determined by Dale Carnegie, less a 10% handling charge.

II. ACCET Fee

You will pay to us the ACCET Fee for the accreditation of your training franchise prior to commencement of any training classes and annually thereafter. The ACCET fee is anticipated to be \$1,200, subject to increases in fees by the Accrediting Counsel for Continuing Education and Training. We do not anticipate that any increases would require you to pay more than \$2,000.

III. Trainer Training Fees

Your trainer training fee will vary based upon the optimal number of trainers necessary to begin operation in your territory, depending on a number of factors including, without limitation, the Revenue Target, geographic size of the territory and anticipated trainer workload. Your costs will be between \$10,000 to \$25,000 for certification of up to three trainer candidates.

ITEM 6

OTHER FEES*

Name of Fee	Amount	Due Date	Remarks
Royalty	12% of Gross Revenues up to 65% of Revenue Target, 9.5% of Gross Revenues between 65.01% and 85% of Revenue Target, 7% of Gross Revenues between 85.01% and 115% of Revenue Target and 4.5% of Gross Revenues exceeding 115% of Revenue Target.	On the 15 th day of each month. See Note 1.	“Gross Revenues” (defined fully in the Glossary of the Franchise Agreement) includes all revenues from the franchised Business or based upon our Confidential Information, but excludes passive investment income, revenues from the rental of your Center and/or Training Facility and revenues from speeches or similar activities which are not done for the purpose of offering or selling Carnegie Programs.
Marketing Contribution	3% of Gross Revenues.	Same as Royalty.	See Item 11 for a discussion of Dale Carnegie’s use of Marketing Contributions.
Required proprietary materials; optional purchase of other required materials	See Note 2.	30 days after your receipt of statement.	You must buy proprietary required materials from Dale Carnegie, and you may purchase other required materials from Dale Carnegie. See Section 8.5 B. of the Franchise

Name of Fee	Amount	Due Date	Remarks
			Agreement.
ACCET Fee	\$1,200 to \$2,000 per year. See Note 3.	The first day of the Fiscal Year after signing the Franchise Agreement.	Annual Charge covers Annual Sustaining Fees, Application Fee, Workshop Fees and On-Site Review Fees. See Item 1.
Initial Trainer Training Fees	\$10,000 to \$20,000 depending on your Territory's Revenue Target	Upon nominating initial trainer candidates.	See Note 4
Sales Taxes	As incurred.	Promptly when due.	If your business is located in the states listed in Note 5 to this table, Dale Carnegie will collect sales taxes from you for materials and supplies that you purchase from Dale Carnegie. See Note 5.
Late Charge	The greater of \$100 or 5% of the amount due, plus interest from the date due until paid at the lesser of 18% or the maximum amount that the law allows.	Late charges are payable together with the payment to which the late charge applies.	Late charges on any past due amounts you owe to Dale Carnegie. See Section 3.6 A. of the Franchise Agreement.
Late Reporting Fee	10% penalty on the Royalty that was generated from the report.	Payable together with the Royalty from the late report.	In the event your monthly report is received more than 30 days after it was due, Dale Carnegie (or its Affiliates) will be paid a Late Royalty Payment Fee. See Section 3.6 B. of the Franchise Agreement and Note 1.

Name of Fee	Amount	Due Date	Remarks
Liquidated Damages	\$50 per day commencing 10 days after written notice specifying default until notice of cure	After failure to cure default 10 days after receipt of written notice	See Section 16.8 of the Franchise Agreement. You will begin to pay liquated damages for failure to cure default of Sections 8.12, 8.13, 8.15 or 10.1 of the Franchise Agreement commencing 10 days after written notice and continuing until you notify us that you have cured such default.
Code of Conduct Violation fee	\$0 to \$5,000 per occurrence	30 days after invoice	See Note 6
Indemnification of Dale Carnegie			You indemnify Dale Carnegie from certain losses and expenses – see Sections 8.14, 10.4 and 14.2 C. of the Franchise Agreement.
Attorneys' fees and other costs	Actual fees and costs incurred.		If Dale Carnegie wins any action brought by either Dale Carnegie or you under the Franchise Agreement, or if Dale Carnegie becomes a party to litigation or insolvency proceedings regarding your franchise or initiates any action related to your misuse of Confidential Information, then you will be liable for Dale Carnegie's reasonable attorneys' and experts' fees and other litigation costs and expenses. See

Name of Fee	Amount	Due Date	Remarks
			Section 23.1 of the Franchise Agreement and Sections 9.01 and 18.01 of the Software License Agreement (Exhibit C to the Franchise Agreement).
Dale Carnegie Computer System	For DCT Client Builder™ software: \$495 upon signing Software License Agreement and \$495 per year after first year. For e-mail: \$51 upon signing Software License Agreement and \$51 per year after first year. For Salesforce: Gold User License will be \$31/user/month or \$372/year; Platinum User License will be \$118/user/month or \$1,416 per year.	As set forth in Software License Agreement.	See Note 7.
Refunds	As incurred.	When required.	See Note 8.
Product End Evaluations	US\$225 to US\$4,000 per year	30 days after statement.	See Note 9.
Web Site	The amounts charged by applicable software and hardware vendors.	When we request.	See Note 10.
Renewal Fee	\$2,500	Before Renewal.	See Section 2.2 of the Franchise Agreement.
Audit Expenses	See Note 11.		
Optional Materials and Services which Dale Carnegie may offer.	See Note 12.	When billed	

NOTES

Unless otherwise stated, all fees on the table above are nonrefundable and the fee or its formula is uniformly imposed.

1. Within five business days after the end of each month you must submit to Dale Carnegie a report (the “Monthly Report”) including your Gross Revenues, program activity, class rosters, services rendered and products sold for the prior month. You must also submit other reports that Dale Carnegie requires in the Operations Manual. On the fifteenth day of every month, you must pay to Dale Carnegie, by electronic funds transfer, the Royalty due to Dale Carnegie based on the prior month’s Gross Revenues. In the event your monthly report is received the month after the end of the month in which it was due, Dale Carnegie (or its Affiliates) will be paid a Late Royalty Payment Fee.

After the end of each fiscal year (beginning on September 1st and ending on August 31st), Dale Carnegie will compare your annual Gross Revenues to the Revenue Target for your Territory. If you are not in receipt of an uncured notice of default and have not committed a default beyond applicable periods of notice and cure during such Fiscal Year (as defined in the Glossary of the Franchise Agreement), within 120 days from the later to occur of (i) the end of the Fiscal Year and (ii) the date you have reported your undisputed annual Gross Revenues for the Fiscal Year, Dale Carnegie will reconcile your account and refund to you the surplus, if any, of the Royalty paid to Dale Carnegie on Gross Revenues based on calculation of your Gross Revenues as percentage of the Revenue Target. By way of example only, if your Revenue Target is \$100,000 and your Gross Revenues are \$120,000, you will owe an annual Royalty equaling \$12,025 as follows: (i) \$7,800 (12%) for Gross Revenues up to 65% of Revenue Target (\$65,000), (ii) \$1,900 (9.5%) for Gross Revenues between 65.05% and 85% of Revenue Target (\$65,001 to \$85,000), (iii) \$2,100 (7%) for Gross Revenues between 85.01% and 115% of Revenue Target (\$85,001 to \$115,000) and (iv) \$225 (4.5%) for Gross Revenues above 115% of Revenue Target (\$115,000 to \$120,000). You will have paid a total of \$14,400 in royalties and if you are not in receipt of an uncured notice of default or have not committed a default beyond applicable periods of notice and cure, we will refund your overpayment of \$2,375 in the manner explained above.

2. You must purchase all proprietary required materials from Dale Carnegie. These include materials relating to the Carnegie Programs, including participant licenses for Dale Carnegie's eVolve training platform, participant manuals, trainer manuals, progress reports, trainer aids, coaching assistant guides, supplemental materials, advertisement and promotional materials, laboratory class assignments, audio and video recordings and booklets. You must also purchase certain non-proprietary supplies, equipment, materials and services, some of which Dale Carnegie may offer to sell to you. The quantity and cost of the proprietary and non-proprietary required materials you purchase depends on the number of participants that you enroll in each Carnegie Program

and the type and number of Carnegie Programs that you conduct. Dale Carnegie estimates that the cost of purchasing proprietary required materials for a single Carnegie Program ranges from approximately \$400 to approximately \$2,500. When you purchase proprietary and non-proprietary required materials from Dale Carnegie, you must pay the prices that Dale Carnegie determines at the time of sale. Dale Carnegie may increase the prices of required materials it sells to you. However, Dale Carnegie will charge you the same prices as it charges other franchisees, provided that Dale Carnegie may offer volume discounts to the per unit cost based upon the number of units purchased. The costs of these purchases are generally non-refundable to you, but you may use the required materials for subsequent Carnegie Programs and, if the Franchise Agreement is terminated or expires, Dale Carnegie will purchase from you all unused, packaged and currently usable or saleable materials in your possession that you purchased from Dale Carnegie at their then-current market prices determined by Dale Carnegie, less a 10% handling charge.

At the conclusion of each Carnegie Program, you must give each participant a “DC Listens” program end evaluation (“Survey”) designed to measure participant satisfaction. You must pay Dale Carnegie an annual fee for the processing of each program end evaluation based on your Gross Revenues of the previous Fiscal Year, as follows: \$260 for Gross Revenues up to \$250,000, \$430 for Gross Revenues from \$250,001 to \$500,000, \$630 for Gross Revenues from \$500,001 to \$750,000, \$925 for Gross Revenues from \$750,001 to \$1,000,000, \$1,500 for Gross Revenues from \$1,000,001 to \$1,500,000, \$2,000 for Gross Revenues from \$1,500,001 to \$2,000,000, \$2,600 for Gross Revenues from \$2,000,001 to \$3,000,000, \$3,500 for Gross Revenues from \$3,000,001 to \$4,000,000, \$4,025 for Gross Revenues from \$4,000,001 to \$5,000,000, \$4,300 for Gross Revenues from \$5,000,001 to \$6,000,000 and \$4,600 for Gross Revenues from \$6,000,001 to \$7,000,000. Access fees are subject to change annually.

3. You must apply for, receive and maintain in good standing accreditation by ACCET. Accreditation is a process by which ACCET grants public recognition to an educational institution, which has voluntarily submitted to an evaluative comparison with established qualifications and standards, both upon initial application and periodically in the years following. You must apply for ACCET accreditation within the first 12 months after signing your Franchise Agreement. ACCET's function is focused upon educational quality, the continuous assessment and improvement of educational practices, and assistance to member institutions in the improvement of these practices within their programs. Information concerning ACCET is available on the World Wide Web at www.accet.org. Dale Carnegie will invoice franchisees \$1,200 annually to cover the fees and costs associated with the ACCET accreditation process. This annual charge covers Annual Sustaining Fees, Application Fees, Workshop Fees and On-Site Review fees and may increase over the initial term of your contract. We do not anticipate this fee to exceed \$2,000 per year. Accreditation, re-accreditation and On-site reviews are scheduled by ACCET.

4. For any additional trainer candidate(s) who attends a trainer training program during the term of the Franchise Agreement, you must pay Dale Carnegie the cost for the trainer training program(s), which will be as described in the Operations Manual. You must pay all expenses incurred by you and your trainer candidates in connection with any and all trainer training programs, including, but not limited to, transportation costs, meals, lodging and other living expenses (although you are free to pass these costs and expenses on to your training candidates). See Item 11 for a description of these fees and the trainer training program.

5. If your Business is in Missouri or New York, Dale Carnegie will collect sales tax from you on materials and supplies you purchase from it. If your Business is in any other state, the state may require you to pay a use tax (similar to a sales tax) directly to that state. In addition, Dale Carnegie will charge you if it is required to pay taxes properly attributable to you by any state or other taxing authority.

6. The Board of Conduct, comprised of five (5) members assigned by the Dale Carnegie Franchisee Association and up to six (6) members assigned by Dale Carnegie, will have the right to establish and enforce, by two-thirds majority approval of the members, a framework for disciplinary action for franchisees that materially violate the Code of Conduct or compliance standards that are deemed detrimental to the brand or franchise system. The Board of Conduct may vote to issue fines not to exceed \$5,000 per occurrence. Such fines shall be applied to benefit the aggrieved franchisee, if any, and if there is no such direct aggrieved franchisee then such fine shall be applied to marketing and promotion of the Carnegie System. Dale Carnegie reserves the right to make the final determination regarding the action to be taken to resolve the dispute, based on our reasonable and good faith determination of what is in the best interests of our customers.

7. You must license and use the various computer programs, system documentation manuals, and other materials comprising Dale Carnegie's proprietary DCT Client Builder™ system, sublicense Microsoft Office 365, sublicense Salesforce from Dale Carnegie and sign Dale Carnegie's standard form Software License Agreement (Exhibit C to the Franchise Agreement). These three systems work together to create a single view and process enabling you to manage the entire customer life cycle. You must also license and use Qvinci.

Dale Carnegie has the non-exclusive right to sublicense Microsoft Office 365 to its franchisees. Dale Carnegie has this right for one-year periods which are generally renewed annually. Dale Carnegie uses Microsoft Office 365 as its e-mail system to maintain a computer network through which you can communicate with Dale Carnegie and other franchisees. The e-mail system is used, among other things, for asking questions, discussing common issues and disseminating information from Dale Carnegie, including promotional materials. You can sublicense the use of Microsoft Office 365 from Dale Carnegie and access the network for \$51 USD per person, per year, invoiced by Dale

Carnegie annually. Dale Carnegie's sublicense of Microsoft Office 365 to you and your use of Microsoft Office 365 is subject to the Microsoft License Agreement. If Dale Carnegie loses its rights to sublicense Microsoft Office 365 for any reason, then your sublicense of Microsoft Office 365 will expire and, in that event, Dale Carnegie will not be liable to you in any way (including for any fees you paid Dale Carnegie for the sublicense).

Dale Carnegie's DCT Client Builder™ system is a proprietary, custom-written and developed software package that enables you to operate your Business effectively by, for example, tracking your registrations in Carnegie Programs and preparing and submitting registration reports to Dale Carnegie. It is an Internet-based, marketing and registration system populated by Dale Carnegie & Associates, Inc. franchisees from around the world. This system allows users to enter and maintain participants in a centrally located, global database. The database allows for real-time reporting, allowing franchisees to produce valuable marketing reports and other statistical market information. A license fee of \$495 USD is due upon signing the Software License Agreement and, after the first year, there is an annual service fee of \$495 USD, which includes the continued use of the software, any updates of the software, access to a Dale Carnegie help desk and any DCT Client Builder™ training that Dale Carnegie provides.

Dale Carnegie has acquired a number of licenses from Salesforce.com for distribution to the franchise network. The Dale Carnegie corporate version of Salesforce.com provides franchisees, and their team members, with a CRM directly integrated with our website, and our DCT Client Builder™ registration management system. Leads and orders captured on the dalecarnegie.com webserver will automatically create records inside of Salesforce and orders closed inside Salesforce will automatically create records within Client Builder™. There are two license options: Gold User License will incur a fee of \$31 USD /user/month or \$372 USD per user per year; or a Platinum User License fee of \$118 USD/month/user or \$1,416 USD per user per year due upon acquisition of the licenses and annually thereafter.

Qvinci is a financial reporting and benchmarking system which allows Dale Carnegie & Associates and franchisees to gain accurate and meaningful financial insights across the franchise network in real time. Qvinci integrates with QuickBooks, Xero, MYOB and Excel and automatically consolidates accounting files from different locations into a Standard Chart of Accounts, providing users with instant, custom financial reports and benchmarking insights based on peer analysis. Qvinci is provided for free to franchises during their initial term of the franchise agreement. Upon franchise agreement renewal franchisees are charged the cost of the Qvinci license and the cost of a subscription is approximately \$500 USD.

We do not expect the license fees for the required systems to exceed a 10% increase during the term of the Franchise Agreement.

You must, at your expense, keep your computer system in good maintenance and repair. If Dale Carnegie runs tests and determines that the installation will benefit you and Dale Carnegie, you must install at your own expense the additions, modifications, substitutions or replacements to your computer hardware, software, telephone and power lines and other computer facilities as Dale Carnegie directs.

Dale Carnegie will send you a statement annually after the end of the Fiscal Year for your annual Survey fee.

You may not maintain a World Wide Web site or other presence on the Internet or any other public computer network (each a “Web Site”) unless you obtain our prior written approval, and except for Virtual Instructor Led Training you may never conduct Carnegie Programs other than in person. If Dale Carnegie grants approval for you to maintain a Web Site, then you must buy and install, at your expense, the computer hardware, software, server(s), router(s), connections and other related accessories, peripherals and equipment sufficient to meet reasonably anticipated electronic client traffic. Dale Carnegie will arrange for the centralized registration of the domain name, home page address, and URL for your Web Site, at your expense, and Dale Carnegie will own the domain name. Your Web Site(s) must conform at all times to all of our Web Site requirements set forth in the Operations Manual. See item 11.

8. You must respond to participant requests for refunds in a manner which will not detract from the reputation or goodwill associated with Dale Carnegie, our trademarks and Carnegie Programs, and as set forth in the Operations Manual.

If Dale Carnegie audits your business records and finds that you understated the Gross Revenues in your Monthly Reports by an amount less than or equal to 5% for any month and/or for the entire audit period, then you must immediately pay Dale Carnegie the additional amount owed, plus interest at the lesser of the maximum rate allowed by law or 18%. If an audit reveals that you understated Gross Revenues by an amount greater than 5% but less than 10%, then you must immediately pay Dale Carnegie the additional amount owed, plus interest at the lesser of the maximum rate allowed by law or 18%. In addition, you must pay Dale Carnegie the full cost of the audit.

Dale Carnegie may sell you optional materials and services, including local advertising and promotional materials, media buying services, direct mail marketing materials and services, and camera-ready advertising for classified telephone directories. You must pay the prices that Dale Carnegie determines at the time of sale. Dale Carnegie may increase the prices of optional materials it sells to you. However, Dale Carnegie will charge you the same prices as it charges other franchisees. The costs of these purchases are generally non-refundable to you.

ITEM 7

ESTIMATED INITIAL INVESTMENT*

YOUR ESTIMATED INITIAL INVESTMENT

Category of Investment	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee	\$20,000 to \$65,000 based on Revenue Target and status of purchaser. See Note 1.	Lump sum	Upon signing the Franchise Agreement	Dale Carnegie
Real Property; Lease/ Security Deposit	\$2,400 - \$15,000 See Note 2.	As incurred	As agreed	Landlord
Utility Deposits	\$0 - \$500 See Note 3.	As utility company requires	Before opening	Utility Company
Computer hardware and software	\$1,800 to \$4,800. See Note 4.	As incurred	As incurred	Outside suppliers
Business licensing	\$500 to \$2,000. See Note 5.	As licensing authorities require	As licensing authorities require	Licensing authorities
ACCET Fees	\$1,200 to \$2,000. See Note 6.	Lump Sum	Upon Signing the Franchise Agreement	Dale Carnegie

* Unless otherwise specified, none of the expenses in this chart are in whole or in part refundable. Dale Carnegie does not expect the costs of items you purchase from third parties to rise faster than general inflation, but cannot guarantee this, since a third party's costs may go up with inflation in its industry segment and because of material shortages, natural catastrophes, strikes, etc.

Category of Investment	Amount	Method of Payment	When Due	To Whom Paid
Insurance	\$2,000 to \$5,000. See Note 7.	As agent requires	When carrier or broker requires	Agent
Legal and accounting	\$3,000 to \$7,500. See Note 8.	As you agree with accountant/attorney	As you agree with accountant/attorney	Accountant/Attorney
Marketing, advertising expense	\$0 to \$15,000 See Note 9.	As incurred		Outside suppliers
Initial Trainer Training Fee	\$10,000 to \$25,000	Lump Sum	Upon enrollment of trainer candidates in certification training	Dale Carnegie
Initial Training Travel Costs	\$2,500 - \$4,000 per person.	As incurred	As incurred	Outside supplier
Additional funds (6 months)	\$50,000 to \$100,000. See Note 10.	As expenses occur	Payroll weekly, other purchases according to agreed-on terms	Employees, sellers of goods and services
TOTAL	\$93,400 to \$245,800			

NOTES

1. The Initial Franchise Fee depends on the Revenue Target of your Territory at the time you enter into the Franchise Agreement with us. We will calculate your Territory's Revenue Target by adding the Revenue Target for the Prime Counties (counties with more than 450 companies of 25 or more employees, as determined the U.S. Office of Management and Budget) and non-Prime Counties in the territory. The Revenue Target for Prime Counties shall be determined by multiplying the number of companies in the county by \$150 and the Revenue Target for Prime Counties shall be determined by multiplying the number of companies in the county by \$60. For a Territory with a Revenue Target of \$1,000,000 or less, the Initial Franchise Fee will be \$20,000; for a Territory with a Revenue Target of \$1,000,001 up to and including \$2,500,000 the Initial Franchise Fee will be \$35,000; for a Territory with a Revenue Target of \$2,500,001 up to and including \$3,500,000 the Initial Franchise Fee will be \$45,000; for a Territory with a Revenue Target of \$3,500,000 up to and including \$5,000,000 the Initial Franchise Fee will be \$55,000,

and for a territory with a Revenue Target of more than \$5,000,000 the Initial Franchise Fee will be \$65,000. The Initial Franchise Fee is payable when you sign the Franchise Agreement. Dale Carnegie does not finance any Initial Franchise Fee.

2. You must operate the Business from one or more “Carnegie Centers” at locations situated within your Territory. Each Carnegie Center must contain an office from which you will manage and administer the Business and may be the same location within the Territory at which you will conduct Carnegie Programs (a “Training Facility Location”).

Generally, most franchisees lease space for their offices and classrooms. Dale Carnegie estimates that the size of your offices may range from 500 square feet to several thousand square feet, and that the size of your classrooms may be approximately 1,000 square feet. Since real estate values vary dramatically from region to region and the size and type of spaces leased (or purchased) by franchisees vary dramatically, Dale Carnegie cannot accurately estimate your rent or cost of purchased real estate, but rental costs may range from \$800 to \$5,000 per month. Rental costs will vary depending upon the geographic location of your business, the size and type of space in which you choose to conduct Carnegie Programs (hotels, conference centers or leased or owned classrooms, for example) and the amount of rent you are able to negotiate. The range in the chart anticipates your initial rent payment plus a security deposit equal to 2 months’ rent.

3. A credit check may be required by the utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for your office and the municipality from which they are being contracted

4. These amounts reflect the initial costs to purchase a computer and initial software licenses. The low end of this range assumes that you are initially purchasing a computer and software licenses for yourself. The high end of this range assumes that you are purchasing computers and software licenses for yourself and two employees.

5. You must comply with all state and local laws, including those requiring persons and entities doing business within a state or locality to qualify to do business and, if applicable in your situation, laws governing corporations or other business entities. You will incur costs to comply with these laws. These costs will vary from region to region and will also depend upon the form in which you do business (for example, as a sole proprietor or as a corporation). Whether you are an individual or a business entity, you must conduct your Business under the assumed business name as indicated in Appendix E of the Franchise Agreement “and, at your expense, perform all filings and procure all required or necessary governmental approvals or registrations required to do business under that assumed business name. Dale Carnegie estimates that these costs will range from \$500 to \$2,000 (not including any fees you may pay to lawyers or accountants).

6. You must apply for, receive and maintain in good standing accreditation by ACCET within the first 12 months after signing your franchise agreement. Payment of the ACCET fee is due within one year after signing the Franchise Agreement. Sustaining fees are due and payable on the first day of your fiscal year.

7. You pay insurance premiums directly to the insurance carrier or broker when the carrier or broker requires.

8. The actual cost of your accountant or attorney depends on the work you ask them to do in evaluating the Franchise Agreement and any other agreement you may enter into; organizing your business; evaluating tax and other financial matters; and, performing any other services. The cost will also vary depending on factors, including the location of your business, the type of the accounting firm or law firm that you use, and the type and amount of work your professionals do for you.

9. Dale Carnegie does not require, but strongly recommends that you spend money on marketing, advertising, promotion, public relations, education, training or other expenditures reasonably calculated to develop and satisfy demand in your Territory for Carnegie Programs before and immediately after you open your Business. Dale Carnegie estimates that you will spend \$0 to \$15,000 on marketing, advertising, promotion, public relations, education, training or other similar expenditures in the first six months of operation of your Business.

10. There are no obligations placed on you with respect to your expenditure of additional funds during the first six months of operation. The estimate of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first six months of operation. The additional funds required will vary by your area; your management skill, experience and business acumen; the relative effectiveness of your staff; local economic conditions; your competition; the local market for Carnegie Programs; the prevailing wage rate; and the sales level you reach during the initial period. The estimates are of your costs only and do not reflect any offsetting sales revenue you may earn from operations to help pay these costs. In compiling these estimates, Dale Carnegie relies upon its experience in operating and franchising Dale Carnegie businesses.

11.. Dale Carnegie does not finance any part of your initial investment. The amounts shown in the table above are Dale Carnegie's reasonable estimates of the amounts you will typically spend. However, your actual costs may be higher or lower based upon the particular factors applicable to your Business, including its location, the type of

advertising you decide to conduct, and the number of any trainers, sales representatives and other personnel you employ. You should review the estimates in the table carefully with a business advisor before making any decision to enter into the Franchise Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Dale Carnegie or its designee is the only approved supplier of proprietary required materials and you must purchase all proprietary required materials from Dale Carnegie or its designee. Proprietary required materials include product materials and related materials associated with the Carnegie Programs you will conduct and which now comprise, or in the future may comprise a part of the Carnegie System and are developed by, are proprietary to or kept secret by Dale Carnegie.

Other than proprietary required materials, you may be required to purchase certain non-proprietary supplies, equipment, materials and services from an approved supplier (see information on supplier approval below). Dale Carnegie may offer to sell you non-proprietary required materials (directly or through a designee), but you have no obligation to purchase them from Dale Carnegie. If Dale Carnegie offers to sell you and you decide to purchase from Dale Carnegie, you must pay the prices Dale Carnegie (or its designee) determines and sets forth at the time of sale, in the Operations Manual or in any other written materials. Dale Carnegie reserves the right to earn a profit from sales to you of proprietary and non-proprietary required materials. You will be under no obligation to purchase any non-proprietary required materials from Dale Carnegie.

You must annually sublicense Office 365 and Salesforce from Dale Carnegie and license the proprietary DCT Client Builder™ software from Dale Carnegie.

Dale Carnegie estimates that purchases of required materials represent approximately 2% of the cost to establish your Business and approximately 5% of your ongoing operating expenses. Dale Carnegie is the only approved supplier for the proprietary required materials. Dale Carnegie is an approved supplier for the non-proprietary materials. For the fiscal year ended August 31, 2021, Dale Carnegie's revenues from the sale of proprietary and non-proprietary required materials to its franchisees was \$1,282,000 or approximately 6.6% of Dale Carnegie's total revenues of \$19,544,000.

No persons affiliated with Dale Carnegie are approved suppliers of proprietary or non-proprietary materials, and no affiliates of Dale Carnegie derive income from required purchase of materials. If you purchase required materials from a third party supplier, Dale Carnegie will not receive any portion of the payments, but Dale Carnegie, Donna Dale Carnegie, the Estate of Dorothy Carnegie, J. Oliver Crom and Michael Crom receive royalties from the sale of certain copyrighted books which are required materials, whether

you or a member of the public buys those books. Dale Carnegie has no control over the prices charged by third party suppliers, and currently negotiates no purchase agreements with third party suppliers. Dale Carnegie provides no material benefits (for example granting additional franchises) to you based on your use of designated or approved sources (there are no designated sources other than Dale Carnegie itself). There are no purchasing or distribution cooperatives.

Dale Carnegie will not arbitrarily interfere with your freedom to obtain non-proprietary required materials that meet its specifications from sources of your choosing. Dale Carnegie will make its criteria for choosing suppliers, specifications and standards for non-proprietary required materials available to you and your proposed suppliers. Dale Carnegie's criteria include quality, identical product specifications, ability to provide timely delivery, financial stability and price competitiveness. To obtain Dale Carnegie's written approval for a supplier:

- You must submit a written request to Dale Carnegie for approval of the supplier.
- The supplier must meet Dale Carnegie's specifications to Dale Carnegie's reasonable satisfaction.
- The supplier must demonstrate to Dale Carnegie's reasonable satisfaction that it is in good standing in the business community for financial soundness and reliability of its product or service.

Dale Carnegie will give you notice of its approval or disapproval within 90 days of receiving your written request to approve a supplier, provided that the supplier cooperates promptly with Dale Carnegie's requests for information and samples. If Dale Carnegie revokes approval of any supplier, it will give you written notice (in the Operations Manual or another written document).

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in the Franchise Agreement and in other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement	Item In Disclosure Document
a.	Site selection and acquisition/lease	Article 5 of Franchise Agreement.	Items 7 and 11
b.	Pre-opening purchases/leases	Section 8.1 of Franchise Agreement.	Items 5, 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	Article 5 and Section 8.1 of Franchise Agreement.	Items 7 and 11
d.	Initial and ongoing training	Article 6 and Sections 7.2, 7.3 and 7.4 of Franchise Agreement.	Items 6, 7 and 11
e.	Opening	Section 8.1 of Franchise Agreement.	Items 5, 6, 8 and 11
f.	Fees	Reference Provisions 1.6, 1.10, 1.11, Article 3 and Sections 2.2, 6.1, 7.2, 7.3, 8.1, 8.5, 10.4, 12.2, 13.4, 16.5 and 16.8 of Franchise Agreement; Article 2 of Software License Agreement.	Items 5, 6, 7, 8 and 11
g.	Compliance with standards and policies/Operations Manual	Sections 4.3, 7.1, 8.3, 8.4, 8.6, 8.7, 8.10, 8.12, 8.13, 8.14, 10.1, 11.1, 12.1 and 12.2 of Franchise Agreement.	Items 7, 8, 11, 13, 15 and 16
h.	Trademarks and proprietary information	Article 4 of Franchise Agreement.	Items 8, 12, 13, 14 and 16

	Obligation	Section in Franchise Agreement	Item In Disclosure Document
i.	Restrictions on products/services offered	Articles 1, 6 and 9 and Sections 2.1, 8.5 and 8.9 of Franchise Agreement; Article 4 of Software License Agreement.	Items 1, 5, 6, 7, 8, 12 and 16
j.	Warranty and customer service requirements	Section 8.8 of Franchise Agreement.	Items 6 and 16
k.	Territorial development and sales quotas	Section 8.7 of Franchise Agreement.	Items 11 and 12
l.	Ongoing product/service purchases	Section 8.5 of Franchise Agreement.	Items 5, 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	Section 14.2 of Franchise Agreement.	Items 6 and 7
n.	Insurance	Article 11 of Franchise Agreement.	Items 6 and 7
o.	Advertising	Article 10 of Franchise Agreement.	Items 6, 7 and 11
p.	Indemnification	Sections 8.14, 10.4 and 14.2 C. of Franchise Agreement; Section 18.02 of Software License Agreement.	Item 6
q.	Owner's participation/management/staffing	Article 6 and Sections 7.3 and 8.2 of the Franchise Agreement.	Item 15
r.	Records and reports	Article 12 and Section 3.3 of Franchise Agreement.	Items 6 and 11

	Obligation	Section in Franchise Agreement	Item In Disclosure Document
s.	Inspections and audits	Sections 8.15 and 12.2 of Franchise Agreement; Section 7.01 of Software License Agreement.	Item 6
t.	Transfer	Article 14 of Franchise Agreement; Article 8 of Software License Agreement.	N/A
u.	Renewal	Sections 2.2 and 2.3 of Franchise Agreement.	Items 6 and 17
v.	Post-termination obligations	Article 17 of Franchise Agreement.	Item 17
w.	Non-competition covenants	Article 13 of Franchise Agreement; Article 10 of Software License Agreement.	Item 17
x.	Dispute resolution	Article 23 and Sections 13.4 and 16.10 of Franchise Agreement; Article 17 of Software License Agreement.	Item 17
y.	Compliance with Laws, Rules and Regulations; No Discrimination	Section 14.5 of Franchise Agreement.	Item 16

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING COMPUTER SYSTEMS AND TRAINING

Except as listed below, Dale Carnegie need not provide any assistance to you.
PRE-OPENING OBLIGATIONS

Before you open your Business, Dale Carnegie will:

1. Designate your Revenue Target and your Annual Minimum Production (Franchise Agreement, Reference Provisions).
2. Approve your Office and Training Facility Locations (Franchise Agreement, Article 5). Locations must meet the requirements set forth in the Operations Manual. In determining whether to approve a location, we will consider whether the location is in a metropolitan area zoned for commercial/business with an easily found address, has adequate parking and is fairly central to the area in which you will be concentrating on sales. If you do not obtain Dale Carnegie's approval for an Office and Training Facility(ies) within 120 days after the Effective Date of the Franchise Agreement, then Dale Carnegie may terminate the Franchise Agreement. (see Item 17)
3. Furnish you with any specifications for required products and services (Franchise Agreement, Section 8.5).
4. Sell you required proprietary and non-proprietary materials (Franchise Agreement, Section 8.5).
5. License you its proprietary software programs and operate those programs. See below in this Item 11. (Franchise Agreement, Section 8.12).
6. Approve or disapprove any advertising, marketing, identification and promotional materials you propose within 10 business days of receipt. If Dale Carnegie does not respond in 10 business days, the material is approved. (Franchise Agreement, Section 10.3).
7. Sell you advertising copy, advertising plans and other promotional and/or advertising materials that Dale Carnegie has developed, if you desire to purchase them. (Franchise Agreement, Sections 7.5 and 10.1).
8. Furnish you with all information, instructions, techniques, data, instructional materials, forms and other operational developments pertaining to the operation of the Business which are developed and incorporated in the Carnegie System. (Franchise Agreement, Section 7.1)

9. Furnish you with those field support services Dale Carnegie considers appropriate. Dale Carnegie may provide these services in the manner it deems appropriate, including, for example, on-site, off-site, by telephone, or through other means. Timing will depend on the availability of Dale Carnegie's personnel. (Franchise Agreement, Section 7.4)

10. Specify in the Operations Manual the electronic or written accounting and information systems, procedures, formats and reporting requirements which you must use to account for your Business, maintain your financial records and generate reports for both you and us. (Franchise Agreement, Section 8.12) We will offer you the opportunity to view the Operations Manual before you buy the franchise.

11. Conduct market research and testing to determine consumer trends and the desirability of new or modified Carnegie Programs. You must cooperate with Dale Carnegie in doing so. (Franchise Agreement, Section 7.5).

12. Use any media, create any programs and allocate advertising and promotional expenditures to any regions or localities as we consider appropriate. (Franchise Agreement, Section 10.5).

13. Direct all of our advertising programs and promotions with sole control over the creative concepts, materials and media used in the programs, and the placement and allocation of advertising and promotional expenditures to any regions or localities. (Franchise Agreement, Section 10.5).

14. Either establish or suggest maximum prices above which you may not sell Carnegie Programs. Dale Carnegie will not, however, establish or advertise any minimum prices below which you may not sell Carnegie Programs (Franchise Agreement, Section 7.6).

15. Collaborate periodically with elected representatives of the Dale Carnegie Franchise Association and various committees comprised of franchisees on matters of concern to franchisees, and areas of mutual concern. Despite Dale Carnegie's consultation obligations, Dale Carnegie has the sole and absolute right to make all decisions regarding all matters upon which it is obligated to consult. See below in this Item 11. (Franchise Agreement, Section 23.6 and 23.7)

16. Conduct the initial training program ("Franchise Partner Academy"). Before you open your Business, you (or your Franchisee Principal if you are an entity franchisee (see Item 15)) and whomever you intend to manage the day-to-day operation of your Business must attend and successfully complete Franchise Partner Academy. Franchise Partner Academy must also be attended and successfully completed by any other owner of at least 10% of the ownership interest of an entity franchisee within 365 days after you open your Business. Franchise Partner Academy is a blended learning journey. The face to face component will be conducted at Dale Carnegie's headquarters in Melville, New York or

such other location as we may designate. The Program typically comprises a series of live online and self paced awareness sessions prior to Franchise Partner Academy, then 6 days of face to face learning and coaching, and finally, a formal transition from Franchise Partner Academy to their dedicated Franchise Launch Team who will support them for the next two fiscal years. The live event in Melville, New York is described in the chart below. All members of our training staff are Dale Carnegie & Associates subject matter experts, having an average of eight years of experience that is relevant to the subjects taught. The primary learning objectives for our live event in Melville, New York is as follows:

- Learn how to build a Business Launch Plan to successfully start and sustain your DC Franchise over your first two years in operation
- Have a better understanding of the Dale Carnegie Business Model
- Learn about the Dale Carnegie Sales and Sales Management Processes
- Review the Dale Carnegie Financial Model and Compliance System
- Analyze your Trainer Capacity in alignment with your revenue goals and build a plan to scale your Delivery Team
- Understand what front office and back-office resources are available from DCA to support the success of your franchise

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	LOCATION
Welcome, Business Model Overview, Academy Overview, Headquarters Tour, Territory Market Analysis	6 hours	Melville, New York or such other location as we may designate
Product Roll Out Strategies and Program Profitability	8 hours	Melville, New York or such other location as we may designate
Marketing Model	8 hours	Melville, New York or such other location as we may designate
Sales Model, Dale Preview Practice, Sales Management	8 hours	Melville, New York or such other location as we may designate

SUBJECT	HOURS OF CLASSROOM TRAINING	LOCATION
Trainer Development Model, Staffing and Development	5 hours	Melville, New York or such other location as we may designate
Financial Management, Compliance, IT	5 hours	Melville, New York or such other location as we may designate
Business Launch Plan Presentations	3 hours	Melville, New York or such other location as we may designate

The cost of attendance for up to two participants for Franchise Partner Academy and the Apprenticeship Program described in Note 16 below will be included in the Initial Franchise Fee. You must pay all expenses incurred by you and your personnel in connection with any training, including, transportation costs, meals, lodging, and other living expenses. (Franchise Agreement, Article 6 and Sections 7.2 and 8.1).

The instructional materials for Franchise Partner Academy consist of a Participant Manual, Power Point presentations and the Dale Carnegie Operations Manual.

If Dale Carnegie determines that you have failed to successfully complete Franchise Partner Academy, Dale Carnegie can terminate the Franchise Agreement. If it does so, Dale Carnegie will return to you 25% of the Initial Franchise Fee.

Any of your personnel who must, but do not, attend Franchise Partner Academy because they are hired after you open the Business must attend and successfully complete the next scheduled Franchise Partner Academy, the On-Site Training Program, and the Apprenticeship Program. You must pay the additional charge set forth in the Operations Manual for training those persons (which will be no greater than \$1,000 per person as of the date of the Franchise Agreement, adjusted for any increases in the Consumer Price Index) and all expenses associated with the training.

17. **Apprenticeship Program.** Before you open your Business, and as part of Franchise Academy, you or a designee approved by us (and the persons set forth in the Operations Manual) may be required to attend and successfully complete an Apprenticeship Program. Your Apprenticeship Program, if required, consists of 5 working days of training at the Office and/or Training Facility of an existing Dale Carnegie franchisee. The location, starting date, and duration of your Apprenticeship Program will be determined by us, before completion of your Franchise Academy. The cost for the Apprenticeship Program will be included in the Initial Franchise Fee, but you will be

required to pay the transportation and living expenses associated with attending. We conduct Apprenticeship Programs only as often as we have franchisees attending Franchise Academy.

18. Ongoing Training. Dale Carnegie may conduct international conventions and regional meetings (Franchise Agreement, Section 7.3). Dale Carnegie requires you to attend an international convention or regional meeting at least once every two years during the Term. Dale Carnegie will determine the duration, curriculum and location of its conventions and seminars. You must pay all related living and transportation expenses associated with any conventions and seminars.

19. Train any trainer candidates you nominate whom Dale Carnegie accepts for training (Franchise Agreement, Article 6 and Section 9.1). The Trainer Certification Events will be scheduled at times and locations determined by us. Dale Carnegie or a franchisee may host and schedule certification events. Before attending the Trainer Certification event, the trainer candidate must participate in a Pre DNA event to demonstrate the core foundational competencies of a Dale Carnegie Trainer. The following is a summary of the DNA Trainer Certification Event.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
DNA Training			
Day 1			
Welcome, introductions and vision for the future	50 min	0	Melville, New York or such other location as we may designate
Defining moment as a Trainer Candidate - The power of the incident Coaching and feedback demonstration	1 hour	0	Melville, New York or such other location as we may designate
Enhance Relationships - Our first 9 principles	45 min	0	Melville, New York or such other location as

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Facilitation demonstration			we may designate
Inspiring others segment Coaching a persuasive talk demonstration	1 hour	0	Melville, New York or such other location as we may designate
Summary of the morning	15 min	0	Melville, New York or such other location as we may designate
Our methodology	30 min	0	Melville, New York or such other location as we may designate
Our stakeholder's interests Franchisees, Client, Participant	20 min	0	Melville, New York or such other location as we may designate
A map of the Dale Carnegie Course sessions, connections between them and our stakeholder's needs	30 min	0	Melville, New York or such other location as we may designate
The art of asking questions	15 min	0	Melville, New York or such other location as we may designate
Coaching understanding and practice - Why we coach	1 hour and 45 min	0	Melville, New York or such other location as we may designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<ul style="list-style-type: none"> - How we coach - When we coach Coaching options			
Facilitation understanding	45 min	0	Melville, New York or such other location as we may designate
Preparation and assignments	25 min	0	Melville, New York or such other location as we may designate
Summary of the day	20 min	0	Melville, New York or such other location as we may designate
Day 2			
Carnegie Moments (3)	1 hour and 30 minutes	0	Melville, New York or such other location as we may designate
Opening and Welcome back	5 min	0	Melville, New York or such other location as we may designate
Our Human Relations Principles	30 min	0	Melville, New York or such other location as we may designate
Practice of session 1A of the Dale Carnegie Course	1 hour	0	Melville, New York or such other location as

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
			we may designate
Practice of session 2A of the Dale Carnegie Course	1 hour	0	Melville, New York or such other location as we may designate
Coaching review	20 min	0	Melville, New York or such other location as we may designate
Practicing coaching and feedback	45 min	0	Melville, New York or such other location as we may designate
Feedback with insight	40 min	0	Melville, New York or such other location as we may designate
Coaching and feedback practice	50 min	0	Melville, New York or such other location as we may designate
Preparation and assignments	45 min	0	Melville, New York or such other location as we may designate
Practice of session about Enhance Relationships and Motivating others of the Dale Carnegie Course	1 hour	0	Melville, New York or such other location as we may designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Practice of session about Manage Stress of the Dale Carnegie Course	1 Hour	0	Melville, New York or such other location as we may designate
Summary	5 min	0	Melville, New York or such other location as we may designate
Preparation and assignments	20 min	0	Melville, New York or such other location as we may designate
Day 3			
Practice Session 2B — Develop Courage	50 minutes	0	Melville, New York or such other location as we may designate
Open and welcome back	5 min	0	Melville, New York or such other location as we may designate
The 4 ways people encounter us	40 min	0	Melville, New York or such other location as we may designate
Practice of session about Energize our communication of the Dale Carnegie Course	1 hour and 45 min	0	Melville, New York or such other location as we may designate
Practice of session about flexibility of	1 hour and 55 min	0	Melville, New York or such other location as

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
the Dale Carnegie Course			we may designate
Summary	10 min	0	Melville, New York or such other location as we may designate
Listening activity	10 min	0	Melville, New York or such other location as we may designate
Session about Disagree Agreeably	2 hours	0	Melville, New York or such other location as we may designate
Our Human Relations Principles – final check	35 min	0	Melville, New York or such other location as we may designate
Preparation and assignments for days 4 and 5	1 hour and 20 min	0	Melville, New York or such other location as we may designate
Day 4			
Lab Class	4 hours	0	Melville, New York or such other location as we may designate
Preparation for lab class	1 hour	0	Melville, New York or such other location as we may designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Lab Class – Foundation for success	2 hours	0	Melville, New York or such other location as we may designate
Lab Class – Enhance Relationships	1 hour and 30 min	0	Melville, New York or such other location as we may designate
Lab Class – Increasing Self-Confidence	2 hours	0	Melville, New York or such other location as we may designate
Lab Class – Disagree Agreeable	1 hour and 30 min	0	Melville, New York or such other location as we may designate
Debrief of lab class experience and personal feedback	1 hour	0	Melville, New York or such other location as we may designate
Day 5			
Practice Session 10B — Overcoming Worry	50 minutes	0	Melville, New York or such other location as we may designate
Preparation for lab class	1 hour	0	Melville, New York or such other location as we may designate
Lab Class – Enhance Relationships and Motivate others	1 hour and 30 min	0	Melville, New York or such other location as

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
			we may designate
Lab Class – Develop Flexibility	1 hour and 30 min	0	Melville, New York or such other location as we may designate
Lab Class – Manage our stress	1 hour	0	Melville, New York or such other location as we may designate
Lab Class – The power of Recognition	1 hour	0	Melville, New York or such other location as we may designate
Lab Class – Major benefit	2 hours	0	Melville, New York or such other location as we may designate
Debrief lab class experience	1 hour	0	Melville, New York or such other location as we may designate
Day 6			
Opening and welcome back	5 min	0	Melville, New York or such other location as we may designate
Improvisation activity and debrief	15 min	0	Melville, New York or such other location as we may designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Lab class self-assessment	30 min	0	Melville, New York or such other location as we may designate
Reality check activity	1 hour	0	Melville, New York or such other location as we may designate
I-Map – Customer Engagement Process	10 min	0	Melville, New York or such other location as we may designate
Differences in delivery: Public and Corporate groups	50 min	0	Melville, New York or such other location as we may designate
Delivering in context	30 min	0	Melville, New York or such other location as we may designate
Extra topics identified during the 5 days	1 hour	0	Melville, New York or such other location as we may designate
Recognition preparation and practice	1 hour and 30 min	0	Melville, New York or such other location as we may designate
One on one feedback	3 hours	0	Melville, New York or such other location as

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
			we may designate

20. You may only permit persons who have successfully completed the Trainer Certification process for a specific program area to train that program. You may also secure the services of trainers whom Dale Carnegie has already trained and certified. Dale Carnegie conducts Trainer Certification under the following procedures:

You must enter into a written contract with the trainer candidate, subject to Dale Carnegie's approval. The contract must contain certain required provisions which will be set forth in the Operations Manual. Only persons who a franchisee has nominated can become a trainer candidate. There is no age requirement. Trainer candidates in the United States must have a bachelor's degree from an accredited college or university. If you nominate trainer candidates for certification in the Sales Advantage or Leadership Training for Managers Programs, then the trainer candidates must have experience in those areas.

Step one of the certification process for new Trainers is the Pre-DNA certification step. Any trainer candidate not already certified by Dale Carnegie to train in the Dale Carnegie Course, Leadership Training for Managers, Winning with Relationship Sales or High Impact Presentations, must successfully complete the two consecutive days of Pre-DNA certification step. During Pre-DNA Training, candidates will be coached and assessed in their ability to demonstrate the core instructional skills required for delivering all Carnegie Programs. Trainer candidates must successfully complete Pre-DNA Training before moving forward to the next step in the certification process. The Pre-DNA, conducted by a Master Trainer or a Carnegie Master, can be completed with one of the following options.

Additional options for the Pre-DNA step include:

Two days in-person event: trainer candidates participate in a two day in person event to demonstrate their readiness to advance to the DNA (certification) event.

Online Format: trainer candidates participate in online sessions to demonstrate their readiness to advance to the DNA (certification) event.

Contract with a Dale Carnegie certified third-party Master Trainer to develop and assesses the trainer candidate's readiness for the DNA (certification) event.

Contract with a Dale Carnegie certified third-party Master Trainer to assess the trainer candidate's competencies and recommends advancement to the DNA (certification) event.

In all of the above options, you are responsible for all fees and expenses incurred, including the third-party Master Trainer or Carnegie Master fees and travel expenses, materials, and resources required to conduct the options.

(c) Step two of Trainer Certification is the DNA Certification event. The purpose of this event is to fine tune and assess the skills, knowledge and attitudes of the trainer candidates. The DNA Certification event requires trainer candidates to demonstrate their ability to deliver portions of the content of the Dale Carnegie Course a specific Carnegie Program in a laboratory environment throughout 6 days which may run consecutively or be structured in two 3-day sessions. You must pay all of your expenses and the expenses of your trainers associated with Certification events including, for example, event facilitator fee, transportation costs, meals, lodging and other living expenses

(d) New franchises or those without an established trainer team must invest in the development and certification of trainers. The process has options and variables which result in a range of \$10,000 to \$25,000 USD for 3 or more trainers. Variables and options include, but are not limited to, location of franchise, language, availability of online events, number of candidates and trainer candidate expenses. Franchisees should connect with their region's Director of Training Quality to create the most efficient trainer development plan.

Dale Carnegie schedules two regional trainer certification events each year at intervals based upon franchisee demand. Our ability to run regional trainer certification events is contingent upon having enough participants to insure the proper learning environment needed to develop your trainers. You must send a minimum of two English-speaking trainer candidates to the event. You may also separately contract with a trainer who is not employed by Dale Carnegie but is certified by Dale Carnegie to facilitate the Trainer Certification process. You shall be responsible for payment of all fees charged by a 'Carnegie Master' Trainer or 'Master' Trainer you hire.

(e) Any trainer already certified as a Dale Carnegie Trainer in one curriculum does not need to attend another Pre-DNA Training to be certified in another Dale Carnegie program curriculum. To participate in any Dale Carnegie Trainer Curriculum Certification events, the trainer candidate must be a graduate of that curriculum. program in which they are certifying.

(f) Trainer preparation workshops have been developed and are available on our Carnegie Connect website as a preparation resource for candidates participating in

Pre-DNA and DNA. Local utilization of these workshops will be critical to the success of the candidates. The workshops and lab class manuals will be available electronically, at no cost, through Carnegie Connect, the e-mail system. This will allow the preparation workshops to be downloaded and used locally at any time. If a franchisee would prefer to have hard copies of the workshops, Dale Carnegie's Product Development Department can provide them for the cost of production, plus shipping. The workshops will also define the expected performance standards. Self-paced E-learning modules may be available to assist with the candidate's preparation. Login details to this resource will be sent to trainer candidates at least one month prior to an event. Trainer candidates are encouraged to complete this e-learning prior to the event. Trainer candidates who do not meet the performance standards will be asked to repeat the certification event at full fee.

(g) If the Carnegie Master determines that a trainer candidate has successfully met the required standards training in a Carnegie Curriculum, Dale Carnegie will issue a Certificate of Achievement authorizing that person to conduct training in tandem with a fully certified trainer in the applicable course in that curriculum program. Once that person has successfully completed two tandems, they will become a fully certified trainer in the applicable course. Certification to instruct specific Carnegie Programs is valid for a duration as described for a period of duration in the Operations Manual. Trainers are required to participate and pass a Trainer Recertification Event every three years. Completion of a recertification event shall recertify a trainer for all curricula programs for which such trainer is certified. Trainer Recertification events will be posted on the Carnegie University calendar. You must pay all your expenses and the expenses of your trainers associated with Certification events and Trainer Recertification events, including, for example, event facilitator fees, transportation costs, meals, lodging and other living expenses.

(h) Dale Carnegie may require recertification or update of trainers in one or more of the Carnegie Curriculum Programs, usually when Dale Carnegie changes or updates a course. You must pay the travel and living costs of your trainers related to their attending a recertification event program. When recertification is necessary, Dale Carnegie or a franchisee may host the recertification program. Trainer Recertification events are facilitated by either a Master Trainer or Carnegie Master.

(i) In addition to the above, Dale Carnegie holds conventions at which it may launch new, updated or changed Carnegie Programs.

OBLIGATIONS AFTER OPENING

During the operation of your business, Dale Carnegie will:

1. Furnish you with any specifications for required products and services (Franchise Agreement, Section 8.5).

2. Sell you required proprietary and non-proprietary materials (Franchise Agreement, Section 8.5).

3. Approve or disapprove any advertising, marketing, identification and promotional materials you propose within five business days of receipt. If Dale Carnegie does not respond in five business days, the material is approved. (Franchise Agreement, Section 10.3)

4. Sell you advertising copy, advertising plans and other promotional and/or advertising materials that Dale Carnegie has developed, if you desire to purchase them. (Franchise Agreement Sections 7.6, 8.5 and 10.1).

5. Sell you other optional materials, including media buying services, direct mail marketing materials or services and camera-ready advertising to be used in classified telephone directories. (Franchise Agreement, Section 7.6).

6. Furnish you with all information, instructions, techniques, data, instructional materials, forms and other operational developments pertaining to the operation of the Business which we may occasionally develop and incorporate in the Carnegie System. (Franchise Agreement, Section 7.1)

7. Furnish you with those field support services Dale Carnegie considers appropriate. Dale Carnegie may provide these services in the manner it deems appropriate, including, for example, on-site, off-site, by telephone, or through other means. Timing will depend on the availability of Dale Carnegie's personnel. (Franchise Agreement, Section 7.4)

8. Specify in the Operations Manual the electronic or written accounting and information systems, procedures, formats and reporting requirements which you must use to account for your Business, maintain your financial records and generate reports for both you and us. (Franchise Agreement, Section 8.12)

9. Conduct market research and testing to determine consumer trends and the desirability of new or modified Carnegie Programs. You must cooperate with Dale Carnegie in doing so. (Franchise Agreement, Section 7.5).

10. Either establish maximum prices above which you may not sell Carnegie Programs, or suggest prices. Dale Carnegie will not, however, establish or advertise any minimum prices below which you may not sell Carnegie Programs. (Franchise Agreement, Section 7.6)

11. Consult periodically with elected representatives of the Dale Carnegie Franchise Association on matters of concern to our franchisees, and areas of mutual concern, provided that the Dale Carnegie Franchise Association represents a majority of our franchisees, is open to membership by any franchisee in good standing, and acts

democratically and responsibly. In addition, Dale Carnegie will so consult with no more than 4 separate associations representing franchisees' interests in North America, Europe, Asia and Latin America (or any combination of those regions), if franchisees and the Dale Carnegie Franchise Association choose to restructure or divide into separate associations and those associations represent a majority of franchisees in the geographical areas being covered, are open to membership by any franchisee in good standing, and act democratically and responsibly.

Dale Carnegie will work with the Dale Carnegie Franchise Association (or any other associations) as the franchisees' representative and encourage franchisees to become members of the Association (or any other associations). Dale Carnegie also will review with the Association (or any other associations) Dale Carnegie's role in sourcing supplies required to conduct Carnegie Programs, with a view towards minimizing your and other franchisees' costs consistent with assuring a consistent source of supply of quality materials that meet applicable Carnegie System requirements; provided that you agree that Dale Carnegie has the right to receive a profit on the sale of materials. Contact information for the Dale Carnegie Franchise Association is as follows: 6405 Metcalf Avenue, Suite 503, Shawnee Mission, Kansas 66202. Telephone #: 913-384-2345.

Despite Dale Carnegie's consultation obligations, Dale Carnegie has the sole and absolute right to make all decisions regarding all matters upon which it is obligated to consult. (Franchise Agreement, Section 23.6 and 23.7).

12. Train any trainer candidates you nominate whom Dale Carnegie accepts for training (Franchise Agreement, Article 6).

13. License you to operate the Office 365 e-mail system (through which you can contact other franchisees and Dale Carnegie), Dale Carnegie's proprietary DCT Client Builder™ software and Salesforce. (Franchise Agreement, Section 8.12).

You must sublicense Office 365 and Salesforce from Dale Carnegie, license the DCT Client Builder™ software from Dale Carnegie, and sign the Software License Agreement (Exhibit C to the Franchise Agreement). The costs for the software required herein will be as follows: DCT Client Builder™ software: \$495 USD upon the start of the fiscal year and \$495 USD per year thereafter; for Office 365 e-mail: \$51 USD per user for all users in the address book as of September 1st, and \$51 USD per user per year thereafter; for Salesforce Gold User License \$30 USD per month per user or \$360 USD per year; Salesforce Platinum User License will be \$118 USD per month per user or \$1,416 USD per year prorated for the fiscal year upon signing the Software License Agreement and at the start of each fiscal year, for a full twelve month term thereafter. The costs for computer hardware that meets the required specifications will be in the range of \$1,500 USD to \$7,500 USD annually.

Dale Carnegie has the non-exclusive right to sublicense Office 365 to its franchisees. Dale Carnegie has this right for one-year periods which are generally renewed annually. Dale Carnegie uses Office 365 as its e-mail system to maintain a computer network through which franchisees can communicate with Dale Carnegie and each other. The e-mail system is used, among other things, for asking questions, discussing common issues and disseminating information from Dale Carnegie, including promotional materials. Dale Carnegie's sublicense of Office 365 to you and your use of Office 365 is subject to the IBM International Program License Agreement. If Dale Carnegie loses its rights to sublicense Office 365 for any reason, then your sublicense of Office 365 will expire and, in that event, Dale Carnegie will not be liable to you in any way (including for any fees you paid Dale Carnegie for the sublicense).

Dale Carnegie's DCT Client Builder™ system is a proprietary, custom written and developed software package that enables you to operate your Business effectively by, for example, tracking your registrations in Carnegie Programs and preparing and submitting registration reports to Dale Carnegie. You also agree to use the Customer Relationship Management (CRM) software program that Carnegie designates as a tool for you to further manage your business effectively.

Dale Carnegie has acquired a number of licenses from Salesforce.com for distribution to the franchise network. The Dale Carnegie Corporate version of Salesforce will provide franchisees and their team members with a CRM directly integrated with our website and our Client Builder™ registration management system. Leads and orders captured on the dalecarnegie.com web server will automatically create records inside of Salesforce. Closed orders inside Salesforce automatically create records within Client Builder™. The three systems, working together, create a single view and process which will enable you to manage the entire customer life cycle.

Under the Franchise Agreement, you must purchase and install, at your expense, all computer equipment (including, for example, computer hardware, software, telephone and power lines, and other computer facilities) that Dale Carnegie describes in the Operations Manual and must keep your computer system in good maintenance and repair (Franchise Agreement, Section 9.14). Dale Carnegie is not obligated to provide or assist you in obtaining any equipment, except the Office 365, DCT Client Builder™ and Salesforce software programs. If Dale Carnegie runs tests and determines that the installation will benefit you and Dale Carnegie, you must install at your own expense the additions, modifications, substitutions or replacements to your computer hardware, software, telephone and power lines and other computer facilities as Dale Carnegie directs (Franchise Agreement, Section 9.14). The Franchise Agreement does not limit the cost or frequency of these the additions, modifications, substitutions or replacements.

You will use the required hardware and software to operate your Business effectively by, for example, tracking your registrations in Carnegie Programs and preparing

and submitting registration reports to Dale Carnegie, and to communicate with Dale Carnegie and other franchisees in order to ask questions, discuss common issues, and receive information from Dale Carnegie, including promotional materials. Dale Carnegie will have independent access to and may retrieve from your computer system any Office 365 and DCT Client Builder™ information pertaining to your Business that it deems necessary, desirable or appropriate, but not other information. Dale Carnegie will bear the cost of information retrieval. (Franchise Agreement, Section 9.16).

As of the date of this disclosure document, Dale Carnegie's required minimum specifications for your computer system are as follows:

DCT Client Builder™ and Salesforce;

- Microsoft Windows 10 Professional
- 8GB or more recommended.
- High speed Internet, 15 MB downstream / 5 MB upstream minimum

Office 365:

- Microsoft Windows 10 Professional
- 8 GB of RAM recommended
- 3.0 Gig or more of hard disk space available
- High speed Internet 15 MB downstream / 5 MB upstream minimum

The cost to purchase, lease or update the above required computer is unknown as prices can vary by location.

14. Conduct Dale Carnegie advertising and promotional activities (Franchise Agreement Sections 11.1 – 11.5) as follows:

You must pay to Dale Carnegie a monthly Marketing Contribution, equal to 3% of your Gross Revenues (Franchise Agreement, Section 6.3). There are no franchisees in the United States who contribute at a different rate (although certain franchisees in other countries may pay between 0% and 3%). While Dale Carnegie will consult with franchisees concerning advertising and promotion (Franchise Agreement, Section 8.10). Dale Carnegie alone will direct all its advertising programs and promotions with sole control over the creative concepts, materials and media used, placement and allocation. Dale Carnegie need not make expenditures for you which are equivalent or proportionate to your contributions. Dale Carnegie need not ensure that you benefit directly or proportionately from its advertising. The aggregate of franchisees' Marketing Contribution is not a trust or an "advertising fund" and Dale Carnegie is not a fiduciary. Dale Carnegie need not maintain the Marketing Contributions paid by its franchisees or income earned from these Marketing Contributions in a separate account from its other funds.

The Marketing Contributions may be used to meet all costs of administering, directing, preparing, placing and paying for international, national, regional or localized advertising. This includes the cost of preparing and conducting television, radio, magazine, newspaper and World Wide Web/Internet advertising campaigns and other public relations activities and the cost of employing public relations firms and advertising agencies. Dale Carnegie can spend the Marketing Contributions for its reasonable administrative costs and overhead in activities related to the administration or direction of advertising and promotional programs and new Carnegie Program development and research. Dale Carnegie does not use any part of the Marketing Contribution for advertising that is principally a solicitation for the sale of franchises.

Any portion of unused Marketing Contributions Dale Carnegie does not spend in the year they are collected will be carried over to the following year without any deduction for state or federal taxes. Upon reasonable request, Dale Carnegie will provide you with an annual statement reflecting receipts and expenditures of aggregate Marketing Contributions.

Dale Carnegie will contribute 3% of the Gross Revenues from its company-owned Center of Excellence to the Marketing Contributions it collects from its franchisees but has no obligation to contribute more than that amount from any source.

IN THE FISCAL YEAR ENDED AUGUST 31, 2021, DALE CARNEGIE SPENT APPROXIMATELY 84% OF MARKETING CONTRIBUTIONS ON WEB ADVERTISING AND ASSOCIATED ADMINISTRATIVE COSTS, 9% ON PUBLIC RELATIONS, CREATIVE AGENCY AND RESEARCH AGENCY, PLUS ADMINISTRATIVE COSTS AND 7% ON PRINTED MATERIAL, DIRECT MAIL AND OTHER MATERIALS.

OTHER ADVERTISING INFORMATION

Dale Carnegie does not require franchisees to participate in local or regional advertising cooperatives, nor does it require advertising cooperatives to be formed, changed, dissolved or merged. You may advertise in your Territory so long as your advertising does not violate any Dale Carnegie policy or reflect unfavorably upon Dale Carnegie or a Carnegie Program.

We may publish and distribute periodically a North American catalog detailing programs made available by you and other franchisees in the months immediately following distribution of the catalog. Upon our request, you will promptly furnish us with the dates, times and locations where various programs will be offered in your Territory, and any other reasonably requested information concerning those programs, for inclusion in the catalog.

You may develop advertising materials for your own use, at your own cost. Dale

Carnegie must approve these advertising materials in advance and in writing. You must submit them according to Dale Carnegie's required procedures. If Dale Carnegie does not respond within 5 business days after receiving your proposed advertising material, the material is approved.

You may not maintain a Web Site or otherwise advertise on the Internet or any other public computer network in connection with your Business, unless you obtain our prior written approval, which we may grant or deny at our sole discretion, and you may never conduct Carnegie Programs other than in person. You must submit to Dale Carnegie for approval true and correct printouts of all pages you propose to use in your Web Site before use. You may also use material which Dale Carnegie has approved. Your Web Site must conform to all Dale Carnegie Web Site requirements. You must provide all hyperlinks or other links Dale Carnegie requires. If Dale Carnegie grants approval for a Web Site, you may not utilize Dale Carnegie's Proprietary Marks at the Web Site except as Dale Carnegie expressly permits. You may not post any of Dale Carnegie's proprietary, confidential or copyrighted material or information on your Web Site without Dale Carnegie's approval. If you wish to modify your approved Web Site, you must first obtain Dale Carnegie's approval for all proposed modifications. You must list any Web Site maintained by Dale Carnegie on your Web Site, and any other information Dale Carnegie requires. You must obtain Dale Carnegie's prior written approval for any Internet domain name, home page address, and/or URL. Dale Carnegie will own any domain name, home page address, and URL for the Web Site(s) you maintain in connection with the Business and will register them for you at your expense. These requirements for Dale Carnegie's prior approval will apply to all your activities on the Internet or other communications network. However, you may maintain one or more E-mail addresses and may conduct individual E-mail communications without Dale Carnegie's prior written approval. You must first obtain Dale Carnegie's approval if you propose to send advertising to multiple addresses via E-mail.

Dale Carnegie does not currently have an advertising council or cooperative.

15. Virtual Instructor Led Training Revenue Sharing (Franchise Agreement, Article 9).

If Dale Carnegie delivers Virtual Instructor Led Training in your territory, we will share gross revenues received from those sales with you and its other franchisees, as described in Article 9 of the Franchise Agreement and the Operations Manual. Dale Carnegie may exclusively sell and deliver Virtual Instructor Led Training to individuals in classes open to the public. Dale Carnegie will perform all invoicing, revenue collecting and disbursements concerning the sale of Virtual Instructor Led Training and Dale Carnegie shall sign all the contracts for Virtual Instructor Led Training delivered to the public. If Dale Carnegie delivers Virtual Instructor Led Training to persons with a primary business address in the Territory you may be entitled to a share of such revenue in accordance with the provision of the Operations Manual.

Dale Carnegie may also test the appeal of new programs by conducting seminars in your Territory. If it does so, Dale Carnegie will remit to you those amounts as are described in the Franchise Agreement, the Operations Manual.

Dale Carnegie will make any revenue sharing payments due to you and other franchisees via electronic transfer of funds quarterly on April 15th, July 15th, October 15th and January 15th of each calendar year, or credit any of these payments to any outstanding balance you owe Dale Carnegie. The revenues you receive from revenue sharing are included in the Gross Revenues for your Business upon which you must pay Dale Carnegie a Royalty, a Marketing Contribution, etc.

TIME TO OPEN

You must open your Business by providing your first Carnegie Program within 120 days after the Effective Date of the Franchise Agreement (which will be agreed upon before you sign the agreement). Dale Carnegie estimates that the typical length of time between the signing of the Franchise Agreement and providing the first Carnegie Program is between 1 and 3 months. Factors that generally affect this length of time include finding a location, the condition of the location, the past history of business in your territory, the availability of certified trainers in your territory, the number of people and businesses in your territory, your sales efforts and the general manner in which you operate your Business.

You must comply with Dale Carnegie's specifications, requirements and restrictions contained in the Operations Manual concerning locations for your Office and Training Facility(ies). In determining whether to approve your Center Location, Dale Carnegie will consider factors, including whether the location is in a metropolitan area zoned for commercial/business with an easily found address, has adequate parking, and is fairly central to the area in which you will be concentrating on sales. Dale Carnegie will also

consider whether you intend to own or lease your proposed Office and/or Training Facility locations and upon what terms.

You must secure your Office and any Training Facility locations, in accordance with guidelines stated in the Operations Manual, within 120 days after the date the Franchise Agreement is entered into, and in sufficient time so that you can begin providing your first Carnegie Program in that time. If you do not obtain Dale Carnegie's approval for site locations, or otherwise do not meet your pre-opening obligations, then Dale Carnegie may terminate the Franchise Agreement. (see Item 17)

ITEM 12

TERRITORY

Your right to establish and operate the Business is restricted to the exclusive geographic area (the "Territory") described in the Reference Provisions and Appendix B of the Franchise Agreement by a map or written description. Generally, the minimum territory Dale Carnegie grants contains a population of at least one million people. The size of your Territory will depend upon various factors, including the population in the area, the demographics of the area, the amount and type of businesses in the area and the performance of any previous franchisees in the area. During the term of your Franchise Agreement, there are no circumstances when Dale Carnegie can alter your Territory. You do not receive the right to acquire additional franchises within your Territory or contiguous areas. In addition, you may relocate within the Territory, but not modify the Territory.

Your rights to offer, sell and conduct each Carnegie Program and to promote, advertise and publicize each Carnegie Program are all restricted solely to the Territory.

You must maintain an office within your Territory from which you will operate the managerial and administrative aspects of your Business ("Office"). You may offer Carnegie Programs to the general public from one or more approved training facilities within your Territory, which may be classrooms or spaces located within hotels, conference centers or other buildings (each a "Training Facility"). Your Office may also serve as a Training Facility. You must conduct Carnegie Programs only in-person at Training Facilities located in the Territory which meet Dale Carnegie's requirements. You cannot conduct Carnegie Programs through any other channel or method of distribution or presentation, including electronic presentation via computer networks (including the Internet), etc.

You must be qualified, willing and ready to offer and conduct all Carnegie Programs. If you do not offer and conduct a Carnegie Program after notice from Dale Carnegie or a specific request from a client to do so, Dale Carnegie may offer and conduct that Carnegie Program in your Territory or authorize someone else to do so. Finally, your

territorial rights are limited by certain rights reserved by Dale Carnegie and your obligation to participate in Dale Carnegie's Strategic/Preferred Accounts Program.

You must not advertise or promote the Business in any media which has more than 25% of its total circulation or coverage outside your Territory, without first obtaining our prior authorization. In addition, you may not issue or distribute any advertising or promotional material, engage in any on-site promotional visits, or otherwise advertise or promote your Business outside your Territory, without first obtaining our prior authorization.

While the Franchise Agreement is in effect and you are not in default, Dale Carnegie and its Affiliates will not, in your Territory, operate a company-owned business of the type offered under this disclosure document or grant a franchise to another franchisee to operate this business in violation of your exclusive rights under the Franchise Agreement. However, Dale Carnegie reserves all rights not specifically granted to you in the Franchise Agreement, including the right, now or in the future:

- To own and operate, and authorize others to own and operate, Carnegie Businesses at any location outside the Territory, including those proximate to, adjacent to or abutting the Territory.
- Except as limited by the Franchise Agreement, to use or license the Marks within or outside the Territory for the purposes of offering or selling any service or product whatsoever, whether or not such services or products are competitive with the Business or the Carnegie System, including without limitation, to offer, sell, organize and conduct (either ourselves or through franchises, licenses, joint ventures or any other business combination): any proprietary instructional programs, systems, teaching and management techniques, educational programs, e-Learning, videos, social media, learning management systems, consulting, surveys and/or programs developed by us or third parties, with any method of delivery, to any person, anywhere, including situated within the Territory and no matter how close to your Office and/or Training Facilities and without regard to the impact on the revenues, profitability and/or viability of the Business, provided, however, except as otherwise stated in Franchise Agreement, we will not offer, sell and/or conduct nor license, franchise or otherwise allow third parties to offer, sell and/or conduct (i) any of the Core Programs in the Territory in violation of your exclusive rights under Franchise Agreement or (ii) any combination of Carnegie Programs comprised of the modules and/or exercises specific and unique to the Core Programs which, if delivered together, would replicate a majority of any such program and provided further that you acknowledge and we specifically reserve the right to offer, sell and/or conduct or allow third parties to offer, sell and/or conduct any other current

Carnegie Programs that may be modules of or based on less than all of the content of any Core Program except as limited above.

Offer, sell, organize and conduct or allow third parties to offer, sell and/or conduct Virtual Instructor Led Training in the Territory.

- To purchase, merge, acquire, be acquired by or affiliate with any other business, including one that provides training services in the Territory, except that any facility of that business organization within the Territory will not be permitted to operate under the Proprietary Marks until the termination or expiration of the Franchise Agreement, but will be permitted to continue operation under any other name or mark.
- After the termination or expiration of the Franchise Agreement, to offer and sell in your Territory (directly or through franchisees) the same products and services which you will offer and sell under the Franchise Agreement.

Dale Carnegie has not established and does not currently intend to establish any other franchises, company-owned outlets or other distribution channels offering similar services or products under a different trademark in the Territory.

STRATEGIC/PREFERRED ACCOUNTS PROGRAM

You must participate in the Dale Carnegie Strategic/Preferred Accounts Program. The purpose of the Strategic/Preferred Accounts Program is to develop marketing programs and assist franchisees in selling Carnegie Programs to customers with locations in more than one territory, fulfilling these customers' needs and permitting the Carnegie System to compete more effectively with other global providers of competing services. A "Strategic/Preferred Account" is a current or prospective client for Carnegie Programs that has locations in two or more territories; requests training on a regional, national or global basis; has the potential for annual sales revenues from Carnegie Programs of more than \$50,000. The "Strategic/Preferred Accounts Committee" is made up of eight individuals, four appointed by Dale Carnegie and four appointed by the Dale Carnegie Franchise Association. Dale Carnegie appoints and permanently holds the committee chair. Dale Carnegie may modify or terminate (and then reinstate) the Strategic/Preferred Accounts Program upon notice to you. Your provision of services to any Strategic/Preferred Account is restricted to your Territory. Dale Carnegie reserves the right of calling on any domestic or multi-national account operating in your territory with over 2,500 employees worldwide.

The Strategic/Preferred Accounts Program will be conducted as stated in the Operations Manual and, as of the date of this disclosure document, as follows:

A. All Strategic/Preferred Accounts contracts must be in a form required by the Strategic/Preferred Accounts Committee, must be approved by the Strategic/Preferred Accounts Committee, and will be signed by Dale Carnegie and the Strategic/Preferred Account. The Strategic/Preferred Accounts Committee will establish guidelines, including maximum pricing guidelines, which we will approve or disapprove for inclusion in a Strategic/Preferred Accounts contract. The pricing guidelines approved by us and/or the contract prices under a Strategic/Preferred Accounts contract may be different than the pricing guidelines that you, other franchisees, or our company-owned Center of Excellence charge for Carnegie Programs.

B. For each Strategic/Preferred Account, we will designate a franchisee or company-owned Center of Excellence as the “responsible person” for that Strategic/Preferred Account. Typically, the responsible person is that franchisee or company-owned Center of Excellence in whose territory the Strategic/Preferred Account is headquartered. If you are the responsible person for a Strategic/Preferred Account, you must provide Carnegie Programs to that Strategic/Preferred Account in your Territory, as required under the Strategic/Preferred Accounts Contract. If you are not the responsible person for a Strategic/Preferred Account, you have the option to provide Carnegie Programs to that Strategic/Preferred Account in your Territory if required under the Strategic/Preferred Accounts Contract, and to cooperate with the responsible person in providing those Carnegie Programs. You have the option to comply with the terms (including, for example, the pricing terms) of any Strategic/Preferred Accounts contract requiring the provision of Carnegie Programs in your Territory. If you choose not to participate in a Strategic/Preferred Account, we will designate another Franchisee/COE to service that account in your Territory.

C. If you are the responsible person for a Strategic/Preferred Account, you will receive all revenues from Carnegie Programs you provide to that Strategic/Preferred Account in your Territory. You will also receive a percentage of the gross revenues (as set forth in the Operations Manual) from the Carnegie Programs provided to that Strategic/Preferred Account outside of your Territory by another franchisee or a company-owned Center of Excellence. If you are not the responsible person for a Strategic/Preferred Account, then a percentage of the gross revenues (as set forth in the Operations Manual) from the Carnegie Programs provided to that Strategic/Preferred Account by you in your Territory will be received by the responsible person for that Strategic/Preferred Account.

D. Dale Carnegie will perform all invoicing, revenue collecting and disbursements concerning all Strategic/Preferred Accounts contracts, except where local law prohibits this.

ANNUAL MINIMUM PRODUCTION

During each period beginning on September 1st of each calendar year and ending on August 31st of each following calendar year (a “Fiscal Year”), you must achieve annual Gross Revenues equal to or in excess of the then applicable Annual Minimum Production for your Territory for that particular Fiscal Year. If you miss your Annual Minimum Production two times during any five Fiscal Year period or three times during the Term of your Franchise Agreement, then Dale Carnegie, in its sole discretion may require you to sell your franchise within six months from receiving a Notice of Default from Dale Carnegie. (See Franchise Agreement Section 16.4.A.1).

Your Annual Minimum Production for any particular Fiscal Year is the amount of Gross Revenues that you must achieve for that Fiscal Year. The standard Annual Minimum Production for your Territory will be 35% of your Revenue Target. At the beginning of your franchise, your Annual Minimum Production may be set at an amount below 35% of your Revenue Target based on several factors, including, without limitation, the Revenue Target for your territory, your prior business experience, your prior experience in the Dale Carnegie business, your prior sales experience, the availability of certified trainers in your territory and the past history of business in your territory. If you begin at an Annual Minimum Production below 35%, your Annual Minimum Production will increase annually over a period of two to five Fiscal Years, based on the factors previously stated, until your Annual Minimum Production is set at 35% of your Revenue Target. The actual collected revenue reported by you to Dale Carnegie, is the number credited against your Annual Minimum Production.

ITEM 13

TRADEMARKS

The principal Dale Carnegie commercial symbol, which Dale Carnegie will license to you, appears on the cover of this disclosure document. We have registered or filed for registration in the Principal Register of the U.S. Patent and Trademark Office for all principal trademarks as follows:

Description of Mark	Registration/Application Number	Registration/Application Date
DALE CARNEGIE – Class 41	697,254	Obtained: 5/3/1960 Renewed: 5/3/2020
DALE CARNEGIE – Class 16	925, 132	Obtained: 12/7/71 Renewed: 12/7/2011
DALE CARNEGIE TRAINING – Class 16	1,291,011	Obtained: 8/21/1984 Renewed: 8/21/2014
DALE CARNEGIE TRAINING- Class 41	1,979,907	Obtained: 6/11/1996 Renewed: 6/11/2006

DC Monogram Class 9 and 41	5,794,912	Obtained: 7/2/2019
DC Monogram Class 16	5,676,716	Obtained: 2/12/2019
DC Monogram & Dale Carnegie Class 9, 16 and 41	5,807,290	Obtained: 7/16/2019
Performance Change Pathway Class 9, 16 and 41	5,776,063	Obtained: 6/11/2019

“Proprietary Marks” means Dale Carnegie’s trademarks, service marks, trade names, logotypes, emblems, designs, labels, signs and symbols, copyrighted materials and other intellectual property.

You must follow Dale Carnegie’s rules when you use its Proprietary Marks. You cannot use any of the Proprietary Marks as part of an entity name. You cannot use any of the Proprietary Marks with modifying words, designs or symbols except for those which Dale Carnegie licenses to you. Whether or not you are an entity Franchisee, you will conduct your Business under the assumed business name as indicated in the Reference Provisions of the Franchise Agreement and take all acts necessary to obtain governmental approvals to do so (at your expense). You may not use the Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by Dale Carnegie. You may not use any names, marks or logotypes other than the Proprietary Marks without Dale Carnegie’s written approval.

No currently effective agreements significantly limit Dale Carnegie’s rights to use or license the use of the Proprietary Marks in a manner material to your Business. There are presently no effective material determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, the trademark administrator of any state or any court located in the United States relating to the Proprietary Marks. There is presently no material litigation in the United States relating to the Proprietary Marks. Dale Carnegie has filed all required affidavits with the U.S. Patent and Trademark Office, has timely renewed all Proprietary Marks and will continue to do so in a timely manner. Dale Carnegie is unaware of any superior rights or infringing uses which could materially affect your use of Dale Carnegie’s principal Proprietary Marks in this state or the territory in which your Business is to be located.

If you learn of any claim against you on account of any alleged infringement, unfair competition or similar claims about the Proprietary Marks, you must promptly notify Dale Carnegie. Dale Carnegie will promptly take any action it considers necessary to defend you. Dale Carnegie must indemnify you for any action against you based solely on alleged infringement, unfair competition or similar claims about the Proprietary Marks. You may

not settle or compromise any of these claims without Dale Carnegie's previous written consent. Dale Carnegie will have the right to defend, compromise and settle a claim at its sole cost and expense, using its own counsel. You must cooperate with Dale Carnegie in the defense. You irrevocably grant Dale Carnegie authority to defend or settle claims. You may participate at your own expense, but Dale Carnegie's decisions with regard to the settlement will be final. Dale Carnegie will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement or law.

If you learn that any third party that you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you must promptly notify Dale Carnegie. Dale Carnegie will determine whether or not it wishes to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

You must comply with any instruction by Dale Carnegie to modify or discontinue use of any Mark or to adopt or use additional or substituted Proprietary Marks. If this happens, Dale Carnegie will reimburse you for certain documented expenses of complying (for example, changing signs, stationery, etc.). You waive any other claim for changes and substitutions. Except for reimbursing your documented expenses of complying, Dale Carnegie will not be liable to you for any resulting expenses. You may not start or join any proceeding against Dale Carnegie for any resulting expenses.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own rights in, or licenses to, any patents that are material to the franchise and we have no pending patent applications that are material to the franchise.

You may use Dale Carnegie's copyrighted materials that are material to your business. The following chart sets forth the date and registration numbers (and renewal information) of the principal copyrights Dale Carnegie has obtained on certain books and video recordings. Dale Carnegie intends to continue to renew these copyrights.

COPYRIGHTS

Title	Country	Registration Date	Registration No.	Projected Renewal Date
Live Enthusiastically	US	7/29/65 (renewed on 4/26/93)	A779692 RE615-227	2021
	Canada	7/30/65	Ser. 174739	2021
	US	2/28/80	TX 425-006	
	Canada	3/7/80	Ser. 300630	
Lincoln the Unknown	US	2/12/32 (renewed on 2/10/59)	A 47572 R 230442	2027
The Quick and Easy Way to Effective Speaking	US	1/22/62 (renewed on 3/2/90)	A 548283 RE 467-921	2057
The Golden Book	Canada (no US copyright)	10/28/68	Ser. 200044 Reg. 60	
Dale Carnegie's Scrapbook	US	1/14/60 (renewed on 2/24/87)	A 430371 RE 333-583	2055
The Leader in You	US	5/2/94	TX 3-789-271	2022
The Leader in You (video recording)	US	5/2/96	TX4-267-275 SR217-747	2024
The Sales Advantage	US	1/29/03	TX5-640-912	2031
The Sales Advantage (video recording)	US	1/10/03	TX5-656-025 SR321-801	2031

In addition to the copyrights noted above, Dale Carnegie holds registered copyrights on substantially all materials relating to the Carnegie Programs, including participant manuals, trainer manuals, trainer training manuals, progress reports, trainer aids, coaching assistant guides, supplemental materials, advertisement and promotional materials, laboratory class assignments, audio and video recordings and booklets.

You must follow Dale Carnegie's rules when you use these copyrighted materials

and you may not make copies of these materials. There is no agreement or known infringing use which materially limits Dale Carnegie's right to use or license these copyrighted items. There are presently no effective material determinations of the U.S. Copyright Office or any court or administrative agency located in the United States relating to the copyrights. There is presently no material litigation relating to the U.S. copyrights. Your obligations and those of Dale Carnegie to protect your rights to use Dale Carnegie's copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this disclosure document. No part of any registered Dale Carnegie work may be reproduced by any process, whether in part or in total, without the written permission of Dale Carnegie. Dale Carnegie is the sole owner of any material translated by a franchisee or independent translation company.

CONFIDENTIAL INFORMATION

You may use Dale Carnegie's confidential information solely in connection with the operation of your Business and only as authorized by the Franchise Agreement. You may never divulge or use any of this information for the benefit of any other person or business. You may not copy any of Dale Carnegie's confidential information or give it to a third party except as Dale Carnegie authorizes. Certain persons affiliated with you must sign Dale Carnegie's Confidentiality/Non-Competition Agreement (Exhibit B to the Franchise Agreement).

Dale Carnegie's confidential information includes knowledge, trade secrets or know-how relating to the systems of operation, services, products, programs or practices of Dale Carnegie, the Carnegie System, or your Business; all Dale Carnegie proprietary materials; works copyrighted by Dale Carnegie; the Carnegie Programs; the Operations Manual; all services, programs and products which now or in the future are or become a part of the Carnegie System; Dale Carnegie's and your computer network Web Sites (if any), and all information posted at any of those Web Sites; the Customer Lists; all information concerning Strategic/Preferred Accounts; and all information, knowledge, know-how, techniques and information which Dale Carnegie or its Affiliates or representatives designate as confidential.

You irrevocably license to Dale Carnegie all of the following if you develop them in connection with your Business: programs, services, products or equipment; your means and manner of offering and conducting Carnegie Programs; business products or services (including computer software); intellectual property you create, adopt or purchase; and sales, advertising, marketing and promotional programs. Dale Carnegie will not be liable to you in any way because of this license.

You permanently license to Dale Carnegie your client, customer and participant lists, and lists of trainers and trainer candidates, for Dale Carnegie's use in marketing and to provide to a new franchisee if your Franchise Agreement expires or is terminated. You

may only use these lists for your Business unless Dale Carnegie gives you prior written approval to use them for another reason. You must also sell these lists in a usable form to your transferee upon a transfer of the Franchise Agreement or your Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must participate personally in the direct operation of your Business. You must devote the necessary time, your best efforts and adequate capital resources for the proper and effective management and operation of your business. You must manage the day-to-day operation of your Business, actively promote and sell Carnegie Programs and use your primary and best efforts to cultivate, develop and expand the market for Carnegie Programs in the Territory.

If you are a business entity, you must appoint an individual “Franchisee Principal” to act as the entity’s principal representative with Dale Carnegie. The Franchisee Principal must receive Dale Carnegie's prior written approval. If the Franchisee Principal should die, become disabled or terminate his relationship with you, then you must appoint a replacement Franchisee Principal who will also be subject to Dale Carnegie’s approval.

There are no limitations on the on-site supervisors you may hire. On-site supervisors must attend and successfully complete Franchise Academy. Certain persons affiliated with you must sign Dale Carnegie’s Confidentiality/Non-Competition Agreement (Exhibit B to the Franchise Agreement) and keep Dale Carnegie’s confidential information confidential. If you are a business entity, any persons who have more than 10% ownership or voting interest of the entity must personally guarantee your obligations under the Franchise Agreement (see Exhibit D to the Franchise Agreement).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your Business may only offer, sell and conduct Carnegie Programs and related Materials. You have no obligation to offer and conduct all Carnegie Programs; however, if you are not qualified to conduct a Carnegie Program, or if qualified do not do so after notice from Dale Carnegie or a specific customer request to do so, then Dale Carnegie can offer and conduct that program in your Territory or authorize another person to do so. If you are a business entity, the entity must confine its activities solely to the operation of the Business.

You may not use the Dale Carnegie name or the Proprietary Marks for any other

business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Office or Training Facilities without Dale Carnegie's previous written consent.

Dale Carnegie may add to, delete or modify the Carnegie Programs or the content of Carnegie Programs, or related products and services. You must abide by any additions, deletions or modifications at your own cost. There are no limits on Dale Carnegie's right to make additions, deletions or modifications.

You must promote, offer, organize and conduct Carnegie Programs according to Dale Carnegie's then-current procedures, policies and standards in the Operations Manual. Dale Carnegie may add to, delete or change its procedures, policies and standards and you must comply with any changes. There are no limits on Dale Carnegie's right to make additions, deletions or modifications.

There are no restrictions as to whom you may promote, offer, organize or conduct Carnegie Programs, subject to the territorial limitations in the Franchise Agreement, the territorial rights reserved to Dale Carnegie, and the limitations under the Strategic/Preferred Accounts Program.

You must conduct Carnegie Programs using Dale Carnegie's eVolve platform unless you are granted an exception as stated in the Operations Manual.

You must conduct Carnegie Programs in accordance with Dale Carnegie's maximum and minimum paid registration requirements. As of the date of this disclosure document, those requirements are as follows:

1. For the 8-week and 12-week Dale Carnegie Program, a minimum of 12 participants and a maximum of 40 participants.
1. For the 3-day Dale Carnegie Program, a minimum of 12 participants and a maximum of 30 participants.
2. For the Winning With Relationship Selling Program, a minimum of 12 participants and a maximum of 40 participants.
3. For the Leadership Training for Managers, Develop Your Leadership Potential and Leadership Training for Results Programs, a minimum of 12 participants and a maximum of 36 participants.
4. For the High Impact Presentations Program, a minimum of 6 participants and a maximum of 16 participants.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the Franchise Term	Section 2.1; Article 3 of Software License Agreement	10 year initial term starts on the Effective Date of the Franchise Agreement (agreed upon in advance of your signing of the agreement).
b.	Renewal or extension of the term	Section 2.2	As a condition for renewal, and if you have complied with the conditions and procedures set forth in the Franchise Agreement, Operations Manual, you will be granted the option to renew the franchise for an unlimited number of consecutive ten (10) years using Dale Carnegie's then current franchise agreement. This agreement may have materially different terms and conditions from the original agreement, including the boundaries of the Territory, the Revenue Goal, and the Revenue Target. We may elect to withdraw from franchising in the territory if (i) after using commercially reasonable efforts we are unable to obtain registration to offer or sell franchise opportunities in the Territory or (ii) we have decided that we will no longer license or franchise any third party to offer and conduct Carnegie Programs, or any similar business in the Territory if, in our reasonable discretion, we deem it to be unsafe or not commercially viable to provide support in the Territory and we published a public notice or a notice of such withdrawal to the Carnegie System within twelve (12) months prior to the expiration of the

	Provision	Section in Franchise Agreement	Summary
			Initial Term or renewal term, as applicable. In such case, you would not be subject to the post term covenant not to compete.
c.	Requirements for franchisee to renew or extend	Section 2.2	(a)You have not, during the last three (3) years of the Term, failed to timely cure a default under the Agreement as to which you have been given a Notice of Default. (b)You have not during the Term committed an Event of Default. (c)You are current within 30 days in all monetary obligations to us or our Affiliates. (d)We have not sent you two (2) or more valid Notices of Default under this Agreement within any continuous six (6) month period occurring within two years of the expiration date of the Initial Term or renewal term, as applicable. (e)You have been and are able to continue the operation of your Business without interruption. (f)You and we have executed a General Release in the form of Exhibit A (“General Release – Renewal”). (g)You are not in receipt of an uncured Notice of Default at the time of renewal. (h)You pay to us a renewal fee of \$2,500 US. (i)You have executed our then-current Franchise Agreement, which will supersede this Agreement in all respects. Subject to the applicable law in the Territory, the terms of the renewal agreement may differ entirely from the terms of this Agreement, including, without limitation, such material terms as the Annual Minimum Production; the Royalty; the Marketing Contribution; other fees; and the rights, duties, limitations and responsibilities afforded or imposed under said renewal agreement. If you have not committed an Event of Default, the boundaries of the Territory will

	Provision	Section in Franchise Agreement	Summary
			remain the same, provided that we may, in our reasonable discretion, choose to divide the Territory into two or more commercially viable territories, each of which will have a separate renewal franchise agreement and a Revenue Target of not less than \$500,000 US s. Factors we may consider in the decision to divide the Territory include, without limitation, whether your Gross Revenues in the Territory are concentrated such that a commercially viable portion of the Territory is under served, whether the Territory is comprised of two or more commercially viable portions with different demographic characteristics and whether the Territory can be effectively and efficiently divided geographically.
d.	Termination by franchisee	Sections 16.6	(a) Upon 1 year's notice to Dale Carnegie, you may voluntarily terminate the Franchise Agreement for any reason and (b) you may terminate for any reason permitted by law.

	Provision	Section in Franchise Agreement	Summary
e.	Termination by Dale Carnegie without notice	16.1	You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if: you or your Business is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you or your Business and is not immediately contested and/or dismissed without sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, your Business or assets of either is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state, federal or foreign law are instituted by or against you or your Business; you are dissolved; or, the real or personal property of your Business is sold after levy thereon by any governmental body.
f..	Termination by Dale Carnegie with cause	Article 16; Article 10 of Software License Agreement	Dale Carnegie can terminate only if you default. The Franchise Agreement describes defaults throughout – please read it carefully.
g.	“Cause” defined – curable defaults	Sections 16.3, 16.4 and 16.5	You have 10 days to cure if you: (a) Violate the restrictions on the use of Confidential Information; (b) Permit any unauthorized person to conduct a Carnegie Course; (c) Fail to comply with recordation requirements and/or do not maintain required financial and other records; (d) Offer or sell any unapproved service, product or program; (e) Fail to purchase or maintain required insurance; or (f) Fail to comply with territorial marketing restrictions described in Article 3 of the Franchise Agreement. Except for defaults that terminate the Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
			automatically and those that permit Dale Carnegie to terminate the Franchise Agreement (i) upon notice with no opportunity to cure, (ii) upon 10 days' notice with an opportunity to cure, or (iii) upon notice with 3 months to cure, you have 30 days to cure any other default under the Franchise Agreement.
h	"Cause" defined – non-curable defaults	Sections 16.1 and 16.2; Article 10 of Software License Agreement	Automatic, without notice: bankruptcy, insolvency, receivership, dissolution, or levy. The provision in the Franchise Agreement which provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 <u>et seq.</u>). On notice to you: (a) You fail to offer the Dale Carnegie Course within 120 days after the Effective Date of the Franchise Agreement, or another Core Program within 365 days after the Effective Date of the Franchise Agreement; (b) You fail to offer any Carnegie Programs for a period of 365 consecutive days during the Term, unless due to casualty, condemnation or force majeure (c) You omitted or misrepresented any material fact in the information you furnished Dale Carnegie in connection with its decision to enter into the Franchise Agreement; (d) You fail to pay any money you owe Dale Carnegie (or its Affiliates) within 10 days following notice that payments are overdue; (e) You are formally charged with a felony, fraud, etc. or commit any other crime or non-criminal offense related to the Business or which would likely have an adverse effect on the Business; (f) You make an unauthorized transfer; (g) You fail to attend or successfully complete Dale Carnegie's Franchise Academy; (h) You conceal revenues, maintain false books/records, falsify information or defraud or make false representations to Dale Carnegie, or submit any false report to Dale Carnegie; (i) An audit shows that you understated Gross Revenues by 5% or more; (j)

	Provision	Section in Franchise Agreement	Summary
			<p>You refuse Dale Carnegie permission to inspect or to conduct an audit; (k) You fail to attend three consecutive annual conventions without good cause; (l) You repeatedly fail to comply with requirements of the Franchise Agreement or, after curing a default, commit the same default again within six months; (m) You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding the Business; (n) You fail for 10 days after notice to comply with or challenge any law or regulation applicable to the Business; (o) You make unauthorized use of the Proprietary Marks that Dale Carnegie believes will harm the goodwill of the Proprietary Marks, the Carnegie System, or the Carnegie Programs; (p) You fail to cure any default materially impairing the goodwill associated with the Proprietary Marks, the Carnegie System, or the Carnegie Programs after 72 hours' notice to cure; (q) You fail to comply with territorial marketing restrictions described in Article 3 of the Franchise Agreement two or more times during the Initial Term of the Franchise Agreement; (r) You violate the restrictions pertaining to the use of Confidential Information; or (s) You permit any person who is not a certified Trainer for any of the Carnegie programs to conduct a Carnegie Program.</p>

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	Section 17.1; Article 10 of Software License Agreement	(a) Pay all sums owing to Dale Carnegie (or its Affiliates) and third parties; (b) Stop using the Proprietary Marks; (c) Cancel assumed name registration which contains DALE CARNEGIE®, DALE CARNEGIE TRAINING®, or any other Proprietary Marks; (d) Not publicize your previous relationship with Dale Carnegie, the Carnegie System, or the Carnegie Programs; (e) Deliver to Dale Carnegie all manuals (including the Operations Manual), all computer software and database material, customer lists, advertising and promotional materials, records and files, signs and related items bearing the Proprietary Marks; (f) Sign agreements necessary for termination; (g) Stop using the telephone number you used in your Business; (h) Comply with covenants not to compete; (i) Abide by restrictions on the use of the Confidential Information; (j) Give Dale Carnegie all computer software, disks or tapes, printouts and other computer information containing any Confidential Information; (k) Assign to Dale Carnegie your interests in any Web Site(s) and in the domain name(s), home page address(es), and URL(s) related to those Web Site(s), and not establish any Web site using a domain name, home page address, and/or URL confusingly similar to the domain name(s), home page address(es), and/or URL(s) related to the Web Site(s) maintained in connection with the Business; and (l) Cooperate with Dale Carnegie and any successor franchisee.

	Provision	Section in Franchise Agreement	Summary
j.	Assignment of contract by Dale Carnegie	Section 14.6; Section 8.01 of Software License Agreement	Dale Carnegie may assign its rights and/or delegate the performance of any of its duties under the Franchise Agreement if the assignee is financially responsible and economically capable of performing Dale Carnegie's obligations under the Franchise Agreement and expressly assumes and agrees to perform these obligations. Dale Carnegie may sell its assets, its Proprietary Marks or its System, go public, etc. (see Franchise Agreement).
k.	"Transfer" by franchisee – definition	Section 14.1; Section 8.01 of Software License Agreement	Assignment, sale, transfer, or other conveyance of the Franchise Agreement, or any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Business. Death or disability of an individual Franchisee or principal owner of an entity Franchisee is also a transfer.
l.	Dale Carnegie's approval of transfer by you	Section 14.2; Section 8.02 of Software License Agreement	No transfer without Dale Carnegie's consent.
m.	Conditions for Dale Carnegie's approval of transfer	Section 14.2; Section 8.02 of Software License Agreement	(a) You must comply with Dale Carnegie's right of first refusal; (b) You must sell your customer and Trainer lists to the transferee; (c) Transferee must demonstrate the qualifications, ethics, economic resources, etc. necessary to conduct the Business and to fulfill obligations to you; (d) Transferee and others attend and successfully complete Franchise Academy and other required training, at transferee's expense; (e) You must have cured any defaults and satisfied all monetary and other obligations to Dale Carnegie and its Affiliates; (f) Transferee must sign Dale Carnegie's then-current franchise agreement; (g) If the transfer results in the transferee owning 10% or more of an entity franchisee, the transferee must sign a

	Provision	Section in Franchise Agreement	Summary
			<p>Guarantee; (h) You must sign a General Release; (i) Transferee must pay the then-current initial franchise fee, provided that, certain transferees will receive discounts on the then-current initial franchise fee as follows: i. current Franchisee employees for at least the last 3 consecutive years before such transfer who own less than 10% of the Business will receive a 50% discount; ii. current Equity Partners for at least the last 3 consecutive years who own 10% or more of the Business will receive a 75% discount; iii. children of the transferor who have worked in a sales or training capacity for the franchise for at least the last 3 consecutive years will receive a 75% discount; and iv. a spouse of the transferor will receive a 90% discount, if such spouse maintains an active role in the management of the business; (j) If transferee is an entity, there are various requirements, including guarantees by owners; (k) You submit to Dale Carnegie at least 60 days before the proposed transfer a copy of the proposed contract of transfer and any additional requested information; (l) You upgrade the Office and Training Facilities so they are in a condition acceptable to Dale Carnegie; (m) You remain liable for all Franchise Agreement obligations before the date of the transfer, and sign documents required to demonstrate this liability; (n) You comply with covenant not to compete (see Item 17(r), below); (o) If required by Dale Carnegie, all other agreements between Dale Carnegie and you must be transferred to the same transferee; and (p) Dale Carnegie's right to receive from the transferee all payments required under the Franchise Agreement (if assigned to the transferee) or under any new Franchise Agreement signed by the transferee will be superior to your right to receive payments from</p>

	Provision	Section in Franchise Agreement	Summary
			the transferee in connection with the transfer, and you sign documents required to evidence your agreement.
n.	Dale Carnegie's right of first refusal to purchase your business	Section 14.3	Dale Carnegie can match any offer for a proposed transfer. Our right of first refusal only applies if the transfer would have the effect of transferring the Franchise Agreement, a controlling interest in an entity Franchisee, or substantially all of the assets of the Business.
o.	Dale Carnegie's option to purchase your business	Not Applicable	
p.	Death or disability of franchisee	Section 14.1	Your death or incapacity is a transfer, and your executor, heir or legal representative (or the entity franchisee) must apply within 60 days for Dale Carnegie's consent to a transfer and satisfy all conditions applicable to a transfer.
q	Non-competition covenants during the term of the franchise	Section 13.1	No involvement in competing businesses anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.2	No competing business for 1 year within your Territory, within 50 miles of the perimeter of your Territory, or within 50 miles of the perimeter of any company-owned or franchised Carnegie Business territory. No solicitation of clients or program participants for 2 years.
s.	Modification of the agreement	Article 20; Section 23.7; Section 13.02 of Software License Agreement	No oral modifications generally. Dale Carnegie may change the Operations Manual with input and guidance of the Operating Standards Committee. Any Operations Manual change will not materially change the terms of the Franchise Agreement.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/merger clause	Article 20; Article 13.02 of Software License Agreement	Only the terms of the franchise agreement are binding (subject to applicable state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Agreement or in any related Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.
u.	Dispute resolution by arbitration or mediation	Not Applicable	
v.	Choice of forum	Section 23.4; Article 17.02 of Software License Agreement	Litigation must be in either federal (if jurisdiction exists) or state court in the Southern or Eastern Districts of New York unless superseded by applicable law in your Territory.
w.	Choice of law	Section 23.2; Article 17.01 of Software License Agreement	New York law applies unless superseded by applicable law in your Territory.

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

ITEM 18

PUBLIC FIGURES

Dale Carnegie currently has no arrangements with any public figure for the endorsement of the franchise, or its products or in any other matter.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Rose, 58 S. Service Rd., Suite 301, Melville, New York 11747, (631) 415-9353, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2019 – 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	152	151	-1
	2020	151	141	-10
	2021	141	142	+1
Company Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0

Total Outlets	2019	153	152	-1
	2020	152	142	-10
	2021	142	143	+1

Table No. 2

United States
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2019 – 2021

Column 1	Column 2	Column 3
State	Year	Number of Transfers
California	2019	1
	2020	1
	2021	0
Florida	2019	1
	2020	0
	2021	0
Kansas	2019	0
	2020	0
	2021	1
Kentucky	2019	0
	2020	0
	2021	1
Illinois	2019	0
	2020	0
	2021	1
Indiana	2019	0
	2020	0
	2021	1
Maine	2019	1
	2020	0
	2021	0
Maryland	2019	3
	2020	0
	2021	0
Minnesota	2019	0
	2020	0
	2021	1

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Missouri	2019	0
	2020	1
	2021	1
New Jersey	2019	1
	2020	0
	2021	0
North Carolina	2019	0
	2020	1
	2021	0
North Dakota	2019	0
	2020	0
	2021	1
Ohio	2019	0
	2020	0
	2021	2
South Carolina	2019	0
	2020	1
	2021	0
Texas	2019	0
	2020	1
	2021	0
Wyoming	2019	0
	2020	0
	2021	1
TOTAL	2019	7
	2020	5
	2021	10

Table No. 3
United States
Status of Franchised Outlets
For Years 2019 – 2021

Col. 1 STATE	Col. 2 YEAR	Col. 3 OUTLETS AT START OF YEAR	Col 4. OUTLETS OPENED	Col. 5 TERMINATIONS	Col. 6 NON- RENEWALS	Col. 7 REACQUIRED BY FRANCHISOR	Col. 8 CEASED OPERATIONS OTHER REASONS	Col. 9 OUTLETS AT END OF THE YEAR
Alabama	2019	2	0	0	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
Alaska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Arkansas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California	2019	10	0	0	0	0	0	10
	2020	10	1	1	0	0	0	10
	2021	10	0	1	0	0	0	9
Colorado	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Connecticut	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
District of Columbia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	1	0	0	0	6
Georgia	2019	6	0	0	0	0	0	6
	2020	6	1	1	0	0	1	5
	2021	5	0	1	0	0	0	4
Hawaii	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Idaho	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Col. 1 STATE	Col. 2 YEAR	Col. 3 OUTLETS AT START OF YEAR	Col. 4. OUTLETS OPENED	Col. 5 TERMINATIONS	Col. 6 NON- RENEWALS	Col. 7 REACQUIRED BY FRANCHISOR	Col. 8 CEASED OPERATIONS OTHER REASONS	Col. 9 OUTLETS AT END OF THE YEAR
Illinois	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
Indiana	2019	6	0	0	0	0	0	6
	2020	6	0	1	0	0	0	5
	2021	5	1	0	0	0	0	6
Iowa	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kentucky	2019	4	0	0	0	0	0	4
	2020	4	0	1	0	0	0	3
	2021	3	1	0	0	0	0	4
Louisiana	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Maine	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maryland	2019	3	2	0	0	0	3	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Massachusetts	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Michigan	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Minnesota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Mississippi	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Missouri	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Montana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nevada	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Hampshire	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
New Jersey	2019	4	0	0	0	0	0	4

Col. 1 STATE	Col. 2 YEAR	Col. 3 OUTLETS AT START OF YEAR	Col 4. OUTLETS OPENED	Col. 5 TERMINATIONS	Col. 6 NON- RENEWALS	Col. 7 REACQUIRED BY FRANCHISOR	Col. 8 CEASED OPERATIONS OTHER REASONS	Col. 9 OUTLETS AT END OF THE YEAR
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
New Mexico	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
North Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	6	0	0	0	0	0	6
	2020	6	0	3	0	0	0	3
	2021	3	1	0	0	0	0	4
Oklahoma	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Oregon	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Pennsylvania	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Rhode Island	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	1	2
	2021	2	0	0	0	0	0	2
South Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Texas	2019	10	0	0	0	0	0	10
	2020	10	1	2	0	0	1	8
	2021	8	0	0	0	0	0	8
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Vermont	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5

Col. 1 STATE	Col. 2 YEAR	Col. 3 OUTLETS AT START OF YEAR	Col. 4. OUTLETS OPENED	Col. 5 TERMINATIONS	Col. 6 NON- RENEWALS	Col. 7 REACQUIRED BY FRANCHISOR	Col. 8 CEASED OPERATIONS OTHER REASONS	Col. 9 OUTLETS AT END OF THE YEAR
Washington	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
West Virginia	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Wisconsin	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Wyoming	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTALS	2019	152	2	0	0	0	3	151
	2020	151	4	11	0	0	3	141
	2021	141	4	3	0	0	0	142

Table No. 4

**Status of Company-Owned Outlets
For Years 2019 – 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
New York	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
TOTAL		1	0	0	0	0	1

Table No. 5

Projected Openings as of August 31, 2021

Column 1	Column 2	Column 3	Column 4
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State	Franchise Agreements Signed but Outlet Not Opened	Projected new Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Total	0	0	0

Exhibit B to this disclosure document contains a listing of all operational franchisees as of the date of this disclosure document.

As of August 31, 2021 and as of the date of this disclosure document, there were no franchisees who had signed a Franchise Agreement with Dale Carnegie but who had not yet begun operations.

In the last three (3) years we have not had any franchisees sign provisions restricting their ability to speak openly about their experience with Dale Carnegie Training.

The following is a list of the names and last known city state and telephone numbers of each franchisee who has had his or her Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement between September 1, 2020 and August 31, 2021, or who has not communicated with Dale Carnegie within 10 weeks of the date of this disclosure document. If a franchisee listed below had a Territory encompassing territory in more than one state or country, each of those states or countries is indicated.

Name	State	City	Telephone Number
Patrick Ebright	California	Fresno	(714) 334-3177
Larry Heron	Florida/Georgia	Jacksonville/Douglas	(315) 440-4658

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

In some instances, current and former franchisee's sign provisions restricting their ability to speak openly about their experience with Dale Carnegie Training. You may wish to speak with current and former franchisees but be aware that not all such franchisees may be able to communicate with you.

The following is a list of the names and last known home addresses and telephone numbers of each franchisee who has had his or her Franchise Agreement transferred between September 1, 2020 and August 31, 2021.

Name	Address	State	City	Telephone Number
Ronald Cox	7200 NW 86 th Street	Missouri	Kansas City	(816) 935-9452
John Adams	580 Carol Lane	Perrysburg	Ohio	(419) 343-7210
Jay Peltier	4310 17 th Avenue S.	Fargo	North Dakota	(612) 419-9874

Contact information for the International Dale Carnegie Franchisee Association, which is endorsed by Dale Carnegie, is as follows:

Contacts:	Karen Betz, Board President Cheryl Whelan, Executive Director
City of Operation:	Mission
State of Operation:	Kansas
State of Business Incorporation:	Oregon
Current Business Telephone #:	913-384-5974
E-Mail Address:	idcfa@dca-kansascity.com
Web Address:	www.dalecarnegiefranchisees.com
Time period of Ownership:	N/A

ITEM 21

FINANCIAL STATEMENTS

Exhibit E to this disclosure document contains Dale Carnegie's audited financial statements as of and for the years ended August 31, 2021, August 31, 2020 and August 31, 2019 and Independent Auditor's Acknowledgement.

ITEM 22

CONTRACTS

Exhibit A to this disclosure document is Dale Carnegie's standard form of Franchise Agreement for franchisees located in the United States.

ITEM 23

RECEIPT

Exhibit G to this Disclosure Document is a detachable receipt. When you receive this Dale Carnegie Disclosure Document, please have all applicants sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Legal Department, Dale Carnegie & Associates, Inc., 58 South Service Road, Suite 301, Melville, New York 11747, acknowledging receipt of the Disclosure Document.

FDD

EXHIBIT A

FRANCHISE AGREEMENT



DALE CARNEGIE & ASSOCIATES, INC.

FRANCHISE AGREEMENT

Table of Contents

REFERENCE PROVISIONS	1
GLOSSARY	4
BACKGROUND	9
1. GRANT OF FRANCHISE AND TERRITORY	9
1.1. Grant of Franchise	9
1.2. Territorial Grant	9
1.3. Rights Reserved by Us	10
2. TERM AND RENEWAL	11
2.1. Initial Term	11
2.2. Renewal Term	11
2.3. Failure to Meet Renewal Conditions	12
2.4. Notice of Expiration	12
3. PAYMENTS TO FRANCHISOR AND, IF APPLICABLE, FORMER SPONSOR	12
3.1. Initial Franchise Fee	12
3.2. Royalty	12
3.3. Reporting and Payment	13
3.4. Commencement of Payments	13
3.5. Other Payments to Us	14
3.6. Late Charges	14
3.7. Form of Currency; Electronic Transfers of Funds	14
3.8. Application of Funds	14
3.9. Franchisee May Not Withhold	14
3.10. Payment of Continuing License Fee to Former Sponsor of Territory	15
4. PROTECTION OF PROPRIETARY RIGHTS	15
4.1. Ownership of the Marks	15
4.2. Acts in Derogation of the Marks	15
4.3. Use and Display of the Marks	15
4.4. Prohibition on Use in Your Entity Name	16
4.5. Confidential Information	16
4.6. Defense of the Marks and Confidential Information by Franchisor	16
4.7. Prosecution of Infringers	16
4.8. Discontinuance or Substitution of the Marks	17

4.9.	Customer Lists	17
5.	OFFICE AND TRAINING FACILITY LOCATIONS	17
6.	TRAINERS	17
6.1.	Trainers and Training Candidates.....	17
6.2.	Obligations Concerning Trainers and Carnegie Programs.....	19
7.	DUTIES OF FRANCHISOR.....	19
7.1.	Our Operations Manual	19
7.2.	Franchise Academy; On-Site Training	20
7.3.	Conventions	20
7.4.	Field Support Services	20
7.5.	Test Marketing	21
7.6.	Pricing.....	21
7.7.	Nature of Obligations	21
8.	DUTIES OF FRANCHISEE.....	22
8.1.	Commencement of Operation	22
8.2.	Manner of Operation	22
8.3.	Modifications to the Carnegie System	22
8.4.	Compliance with Laws.....	22
8.5.	Requirements Concerning Products and Services	23
8.6.	Translation	24
8.7.	Annual Minimum Production.....	24
8.8.	Client and Attendee Complaints and Refund Requests	24
8.9.	Testimonials and Endorsements	25
8.10.	Accreditation of Franchisee	25
8.11.	Strategic/Preferred Accounts Program	25
8.12.	Computer System.....	26
8.13.	Web Site	27
8.14.	Indemnification	27
8.15.	Inspection and Operational Audit	28
8.16.	Entity Franchisee Requirements; Records	28
8.17.	Services, Products, Equipment, Programs and Intellectual Property Developed by Franchisee	29
8.18.	Variance of Standards and Terms	29
9.	VIRTUAL INSTRUCTOR LED TRAINING AND SEMINARS	29
9.1.	Virtual Instructor Led Training	29

9.2.	Testing New Seminar Formats	29
9.3.	Payments.....	30
10.	ADVERTISING	30
10.1.	Advertising Standards	30
10.2.	Submission of Catalog Information.....	30
10.3.	Submission of Proposed Advertising.....	31
10.4.	Use of Third Party Intellectual Property.....	31
10.5.	Our Advertising and Promotional Activities.....	31
11.	INSURANCE	32
11.1.	Required Insurance Coverage	32
11.2.	No Undertaking or Representation.....	33
11.3.	Certificates of Insurance	33
12.	RECORDS, AUDITS AND REPORTING REQUIREMENTS.....	34
12.1.	Financial Statements and Business Plans.....	34
12.2.	Financial Records and Audit.....	34
13.	COVENANTS.....	34
13.1.	In-Term Covenant Not to Compete.....	34
13.2.	Post-Term Covenant Not to Compete.....	35
13.3.	Lesser Included Covenants Enforceable At Law.....	35
13.4.	Enforcement of Covenants Not To Compete	36
13.5.	Procurement of Additional Covenants.....	36
13.6.	Franchisee’s Enforcement of Confidentiality/Non-Competition Agreements and Trainer Candidate Contracts.....	36
13.7.	Commitment to Business	36
14.	TRANSFER; RIGHT OF FIRST REFUSAL	37
14.1.	Transfer By Franchisee – General	37
14.2.	Transfers By Franchisee -- Requirements	37
14.3.	Right of First Refusal	39
14.4.	No Encumbrance	40
14.5.	Compliance with Law	40
14.6.	Transfers By Us.....	40
15.	RELATIONSHIP OF THE PARTIES.....	41
16.	DEFAULT AND REMEDIES	41
16.1.	Termination By Us – Automatic Termination Without Notice	42
16.2.	Termination By Us Upon Notice – No Opportunity To Cure	42

16.3. Termination by Us – Ten Days to Cure	43
16.4. Termination by Us – Failure to Achieve Annual Minimum Production.....	44
16.5. Termination by Us and Franchisee Thirty Days to Cure	45
16.6. Voluntary Termination By Franchisee.....	45
16.7. Notice Required By Law	45
16.8. Liquidated Damages.....	45
16.9. Default by Us.....	46
16.10. Injunction	46
17. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION	46
18. WAIVER AND DELAY	48
19. PROCEDURE FOR OBTAINING OUR PRIOR WRITTEN APPROVAL; OUR WITHHOLDING OF CONSENT - FRANCHISEE’S EXCLUSIVE REMEDY	48
20. NO ORAL MODIFICATION	48
21. NOTICES.....	48
22. MISCELLANEOUS	49
22.1. English Language.....	49
22.2. Electronic Communications	49
22.3. Construction and Interpretation; Further Acts	49
22.4. Severability.....	49
22.5. Force Majeure; Unavoidable Delays	49
23. ATTORNEYS’ FEES; GOVERNING LAW; VENUE; PUNITIVE AND OTHER DAMAGES	50
23.1. Attorneys’ Fees	50
23.2. Governing Law	50
23.3. Anti-Terrorism Law.....	50
23.4. Venue	52
23.5. Punitive and Other Damages	52
23.6. Franchisee Association.....	52
23.7. Committees.....	53
24. GUARANTEE.....	54
25. SURVIVAL.....	54
26. ACKNOWLEDGMENTS	55
27. SUBMISSION OF AGREEMENT	56
28. SIGNATURE	56
APPENDIX A INTENTIONALLY DELETED	57

APPENDIX B - MAP OF TERRITORY	4
APPENDIX C - TRADEMARKS.....	4
EXHIBIT A - GENERAL RELEASE (TO BE COMPLETED UPON RENEWAL).....	6
EXHIBIT B - CONFIDENTIALITY/NON COMPETITION AGREEMENT	8
EXHIBIT C - SOFTWARE LICENSE AGREEMENT	11
EXHIBIT D - PERSONAL GUARANTEE	20
EXHIBIT E - GENERAL RELEASE (TO BE COMPLETED UPON TRANSFER)	23

THIS FRANCHISE AGREEMENT (the "Agreement") is entered into on the Effective Date set forth below ("Effective Date") between DALE CARNEGIE & ASSOCIATES, INC., a New York corporation ("Franchisor", "We" or "Us") and «**FRANCHISEE_NAME**», a [State or Country] [corporation/limited liability company] ("Franchisee" or "You").

REFERENCE PROVISIONS

These Reference Provisions are appended to and made a part of the Agreement. In addition to other terms elsewhere defined in this Agreement, the following terms whenever used in this Agreement shall have the meanings set forth in these Reference Provisions.

1.1 Franchisee: «**FRANCHISEE_NAME**»

1.2 Territory: «**Territory_Location**», as further described in the map attached as Appendix B.

1.3 Effective Date:

1.4 Expiration Date: The date which is ten (10) years after the Effective Date, subject to the renewal terms in Section 2.2.

1.5 Initial Franchise Fee: «**Initial_Franchise_Fee**» [US Dollars]

1.6 Currency for Revenue Target (or Modified Revenue Target, if applicable) and Annual Minimum Production: USD

1.7 Revenue Target: «**Revenue_Target**»

The Revenue Target for all territories worldwide, including the Territory shall be recalculated by DC&A every 5 years and is next due to be recalculated in 2021. If the Gross Revenues in any year meet or exceed five times the Revenue Target, the Revenue Target shall be reset for such year and subsequent years as the Modified Revenue Target.

1.8 Annual Minimum Production: As of Effective Date - _____

Upon the recalculation of the Revenue Target, AMP shall be adjusted to 35% of then applicable Revenue Target (or Modified Revenue Target, if applicable)

1.9 Marketing Contribution: Three percent (3%) of Gross Revenues

- 1.10 Royalty: In consideration of our grant to you of the franchise and license granted under this Agreement and subject to the provisions of Section 3.2, you will pay a “Royalty” based on the amount of your Gross Revenues as a proportion to your Revenue Target as follows:

Royalty Tier	Gross Revenues as a Percentage of Revenue Target (or Modified Revenue Target, if applicable)	Royalty payable on specified Gross Revenues percentage
Tier 1	Up to 65%	12%
Tier 2	From 65.01% to 85%	9.5%
Tier 3	From 85.01% to 115%	7%
Tier 4	Over 115%	4.5%

- 1.11 Equity Owner(s)

«Equity_Owner»-100%

«Franchisee_Principal_Home_Address»

«Equity_Owner_2»

«Equity_Owner_2_Home_Address»

«Equity_Owner_2_Ownership_»

«Equity_Owner_3»

«Equity_Owner_3_Home_Address»

«Equity_Owner_3_Ownership_»

- 1.12 **Franchisee Principal: «Franchisee_Principal»**
Telephone: «Franchise_Phone_»
Email: «Principle_Email_Address»

- 1.13 Franchise Notice Address: «Franchisee_Address»

- 1.14 Franchisor Notice Address: Dale Carnegie & Associates, Inc.
58 South Service Road, Suite 301
Melville, New York 11747
Facsimile No. (631) 415-9358
Attention: Robert D. Rose, Esq.

References to sections are for convenience and designate some of the other provisions where references to the particular Reference Provisions appear. If there is a conflict between these Reference Provisions and the other provisions of this Agreement, the former shall control.

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

FRANCHISEE:
«FRANCHISEE_NAME»

FRANCHISOR:
DALE CARNEGIE & ASSOCIATES, INC.

Print Name: _____
Title: _____

Jean-Louis Van Doorne
Senior Vice President

GLOSSARY

The capitalized terms in the Agreement shall have the following meanings:

“Advertising” means any and all advertising marketing identification and promotional materials and programs of any type or nature whatsoever and in any form or media.

“Affiliates” means, with respect to any person or entity, any other person or entity controlling, controlled by, or under common control with such person or entity.

“Annual Minimum Production” or **“AMP”** means (a) for certain qualifying renewing franchisees, 25% of the Revenue Target (or Modified Revenue Target, if applicable) from Commencement of Operations until August 31, 2019, and 35% of the Revenue Target (or Modified Revenue Target, if applicable) thereafter through the expiration date of this Agreement; (b) for new franchisees and renewing franchisees with Gross Revenues for Fiscal Year 2016 that were below 25% of Revenue Target (or Modified Revenue Target, if applicable), during the first three years of your term an amount based upon several factors, including, without limitation, your experience selling and/or delivering the Carnegie Programs, the economic viability of the Territory and the previous exposure in the Territory of the Carnegie Programs (the “Ramp-Up Period”); and (c) for all other franchisees 35% of the Revenue Target (or Modified Revenue Target, if applicable) as further stated in Section 1.8 of the Reference Provisions.

“Apprenticeship Program” means a training program consisting of up to 14 consecutive days at the Office or Training Facility of one of our franchisees, as further described in the Operations Manual.

“Business” means the Carnegie Business that we have granted you a license to operate in the Territory.

“Carnegie Business” means a franchised business utilizing the Marks and the Carnegie System for the offer, sale, promotion and presentation of Carnegie Programs.

“Carnegie Programs” means our proprietary instructional programs and related services under the Marks, including, but not limited to, consulting services, organization development products and services, needs assessments, evaluations, interviews and executive summary sessions or any instructional program, system, teaching or management technique, consulting, advising, educational program, survey or program you propose for a customer which we approve in writing.

“Carnegie System” means our proprietary system for developing, opening and operating a Carnegie Business.

“Catalog” means a compilation of course offerings scheduled by our franchisees located in the United States and Canada and the Center of Excellence, which we may produce from time to time to market and promote such courses.

“Center of Excellence” means a Dale Carnegie business and Training Facility owned and operated by Us.

“Client Employee Trainer” means an employee of a corporate client who has been trained to deliver Carnegie Programs internally to the corporate client’s other employees.

“Commencement of Operation of the Business” means the day you first deliver a Carnegie Program.

“Competitive Business” means a business which is similar to your Carnegie Business; which engages in any of the activities which this Agreement contemplates that you will engage in; or, which offers or sells any other service, product or component which now or in the future is part of the Carnegie System, or any confusingly similar service, product or component.

“Confidential Information” means knowledge, trade secrets or know-how concerning the Carnegie System and your Carnegie Business; all Materials and all works copyrighted by us or any of our Affiliates; the Carnegie Programs; the Operations Manual; Trainer Manuals; all services, programs and products which now comprise or in the future may comprise a part of the Carnegie System; our and your computer network Web Site (if any), and all information posted at any such Web Sites; the Customer Lists; all information concerning Strategic/ Preferred Accounts; and all other information, knowledge, know-how, techniques and information which we or our Affiliates designate as confidential.

“Core Programs” means the following courses, regardless of number of sessions: (a) the Dale Carnegie Course (including the Advanced Dale Carnegie Course and Generation Next), which is primarily focused on improving effective communications and human relations (the “Dale Course”), (b) the Sales Training course, which is primarily focused on improving relationships and service to customers to increase sales (“Relationship Selling”), (c) the Leadership Training for Managers course, which is primarily focused on developing effective leadership skills (“LTM”) and (d) the High Impact Presentations course, which is primarily focused on developing impactful presentations (“HIP”), all of which courses we may amend or supplement or to which we may add or remove courses from time to time.

However, notwithstanding any such periodic amendment, supplementation, addition or removal of courses, no course shall be removed from Core Programs if any such course in the aggregate constitutes at least 15% of the worldwide Gross Revenues of all of our franchisees. Further, if any of courses (a) through (d) above are discontinued and we develop another course in the same subject area that uses the principles and methodology unique to Dale Carnegie Programs, such course will be deemed a Core Program.

“Customer Lists” means your client lists, customer lists, list of attendees at Carnegie Programs conducted by your Carnegie Business, lists of Trainers and lists of past and present Trainer Candidates.

“Direct in-Person Training” means face-to-face training (which may have some information delivered electronically to supplement the face-to-face training).

“Equity Owners” means any person or entity which holds an ownership interest in your Carnegie Business.

“Enterprisewide Account” means any company or business with more than 2,500 employees.

“Event of Default” means any default for which no cure is allowed or which you have not cured within the time period specified under this Agreement.

“Fiscal Year” means our Fiscal year, which is the period commencing on September 1st of each calendar year and ending on August 31st of following calendar year.

“Force Majeure” means an event which is not our or your fault or not, within our or your reasonable control, including, but not limited to, fire, flood, natural disasters, acts of God, delays and deliveries by common carriers or

the United States Postal Service or foreign postal services, government acts or orders, late deliveries of or failure to deliver goods or services by third-party vendors, war or civil disorders, acts of terrorism and the like.

“Franchise Academy” means our initial training program as described in the Operations Manual.

“Franchisee Association” means the International Dale Carnegie Franchise Association.

“Franchisee Principal” means an individual that you appoint to act as the Franchisee’s principal representative in such entity’s contacts with us.

“General Manager” means an employee of Franchisee who manages the Business on a full time basis from a place of business located in the Territory.

“Global Account Steering Committee” means a joint committee of us and the Franchisee Association, consisting of eight (8) individuals, four (4) of whom are appointed by us, including the chairperson, and four (4) of whom are appointed by the Franchise Association.

“Gross Revenues” means all revenues and income however derived or received by you from, through, by or on account of the operation of the Business, or based upon Confidential Information, whether received in cash, in services, in kind, from barter and/or exchange, or otherwise, but excluding passive investment income, revenues from the rental of your Office and/or Training Facility and revenues from speeches you may give or similar activities you may engage in which are not done for the purpose of offering or selling Carnegie Programs or promoting the Carnegie System or the Business. You may deduct from Gross Revenues, to the extent that they have been included in your calculation of Gross Revenues and you provide appropriate documentation of such charges: documented refunds, chargebacks, credits and allowances given in good faith to clients by you, and all sales taxes, value added taxes or similar taxes which, by law, are chargeable to clients, customers and attendees of your Carnegie Programs and you in fact pay. For the purpose of determining Gross Revenues, all barter and/or exchange transactions where you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier or client will be valued at the full retail value of the goods and/or services you receive.

“Incapacity” means means impairment by reason of mental illness or deficiency, physical illness or disability, chronic use of drugs, chronic intoxication, or other cause to the extent of lacking sufficient understanding or capacity to perform the obligations in this Agreement for at least ninety (90) consecutive days.

“Limited Exclusive Right” means that the franchise and license granted by this Agreement is limited to the right to offer, sell and conduct Carnegie Programs, use the Carnegie System and use the Marks.

“Marketing Contribution” means three percent (3%) of your monthly Gross Revenues paid by you to us to contribute to our cost of advertising and promoting the Carnegie System.

“Marks” means our trademarks, service marks and trade names “DALE CARNEGIE®” and “DALE CARNEGIE TRAINING®” and other trademarks, service marks and trade names, logotypes, emblems, designs, labels, signs, and symbols, copyrighted materials and other intellectual property, whether or not they are registered, which we designate now or in the future for use in the Business.

“Materials” means proprietary texts, books, booklets, awards, supplies, software licenses and incidental items you purchase from us.

“Modified Revenue Target” means that if your Gross Revenues meet or exceed five times the Revenue Target for your Territory, your Revenue Target will be 67% of your average Gross Revenues for the last three (3) Fiscal Years.

“Monthly Report” means reports concerning the operation of your Business, which will include, but not be limited to, the Gross Revenues, program activity, class rosters, services rendered and products sold for the preceding month and such other information as we may reasonably require, in the form and manner (including electronic) in the Operations Manual.

“Operations Manual” means our compilation of specifications, requirements and restrictions, which may be modified from time to time after consideration of any such proposed modifications by the Operating Standards Committee.

“Office” means the primary business office for your Business which must be located in the Territory unless we have granted written consent, which shall not be unreasonably withheld.

“Persons in the Territory” means persons with a primary business address in the Territory who purchase Virtual Instructor Led Training, the location of any such person to be conclusively established by reference to the business address provided by such person in connection with the purchase of the Virtual Instructor Led Training.

“Prime Counties” means counties with more than 450 companies of 25 or more employees, as determined the U.S. Office of Management and Budget, and all other counties will be “Non-Prime Counties”.

“Regional Marketing Committee” means the regional marketing committee for your Territory, if any.

“Revenue Target” means the sum of the Revenue Target for the Prime Counties and Revenue Target for the Non-Prime Counties.

“Revenue Target for the Prime Counties” means \$150 multiplied by the number of companies in Prime Counties with 25 or more employees in the Territory.

“Revenue Target for the Non-Prime Counties” means \$60 multiplied by the number of companies in Non-Prime Counties with over 25 employees in the Territory.

“Strategic/Preferred Account” means a current or prospective client for Carnegie Programs that (a) has locations in three or more Territories (whether franchised or owned by us), (b) requests training on a regional, national or global basis; and (c) has the potential for annual sales revenue from Carnegie Programs of more than \$50,000, as such amount may be amended from time to time by the Global Accounts Steering Committee as specified in the Operations Manual.

“Sustainment Products” means customized training modules which are used to prepare for or reinforce concepts taught during Direct in-Person Training, but which do not contain or cover any material that is not taught in such training. Trainers delivering such Sustainment Products must be certified to deliver such Sustainment Products.

“Term” means the Initial Term as defined in Section 2.1, and any extension or renewal of term under the Agreement.

“Territory” means the geographic area described in Appendix B by map and/or written description.

“Train-the-Trainer” means the delivery of training to a Client Employee Trainer to deliver Carnegie Programs in-house to the client’s other employees.

“Trainer” means a person who has successfully completed a Trainer Training Program and been certified by us as a trainer.

“Trainer Candidate” means a person you have nominated for certification as a Trainer.

“Trainer Candidate Contract” means the agreement between you and each Trainer you seek to employ or retain, which must contain certain provisions set forth in the Operations Manual.

“Trainer Training Program” means our training program for a specific Carnegie Program.

“Training Facility” a facility in the Territory from which you will deliver in-person training.

“Virtual Instructor Led Training” means live, synchronous, instructor led training delivered virtually via computer networks (including, without limitation, the World Wide Web, other areas of the Internet, mobile phone applications and/or other online networks) or other electronic means.

“We”, “Us” or the **“Franchisor”** means Dale Carnegie and Associates, Inc., its successors and assigns.

“Web Site” means a world wide web site or otherwise a presence on the Internet or any other public computer network

BACKGROUND

A. We have developed the Carnegie System for developing, opening and operating Carnegie Businesses specializing in the offer, sale and teaching of the Carnegie Programs, and other related merchandise, as identified by use of the Marks. The Carnegie System, Carnegie Programs and the Marks are licensed to others to operate Carnegie Businesses pursuant to the Carnegie System.

B. You desire to license from us the Carnegie System, Carnegie Programs and the Marks to operate a Carnegie Business in the Territory.

NOW THEREFORE, in consideration of the above premises and of the additional mutual covenants and valuable consideration recited below, the parties agree as follows:

1. GRANT OF FRANCHISE AND TERRITORY

1.1. Grant of Franchise

Subject to the terms and conditions of this Agreement, we grant to you, and you accept, (i) the right to operate the Business in the Territory and (ii) a non-exclusive license to use the Carnegie System, the Carnegie Programs and to use and display the Marks "DALE CARNEGIE®" and "DALE CARNEGIE TRAINING®" and such other Marks as we may designate, as we may change, improve, modify or further develop each from time to time, in the operation of the Business. You have (i) the exclusive right to sell and deliver direct in-person training of Carnegie Programs to individuals who work in the Territory through programs open to the general public and companies located in the Territory with up to 2,500 employees, at a Training Facility, at a location designated by your client, or another location which we authorize and (ii) the non-exclusive right to sell and deliver (a) Virtual Instructor Led Training to companies located in the Territory and (b) direct in-person training to companies in the Territory with over 2,500 employees. During the Term of the Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not operate or license, franchise or otherwise allow another to operate a Carnegie Business in the Territory, except as otherwise provided in this Agreement.

1.2. Territorial Grant

A. Your right to offer, sell and conduct each Carnegie Program and to promote, advertise and publicize each Carnegie Program are all restricted only to the Territory and you may only solicit business and sell and/or deliver training to individuals with a work address in the Territory and companies with a business office in the Territory. If a company has offices outside the Territory, you may only solicit business and sell and/or deliver training to the office located in the Territory. If the applicable governmental authority for the Territory alters the geographical boundaries of areas within the Territory, we shall reassign you the re-designated area which most closely corresponds to your previous Territory.

- B. If your Gross Revenues exceed 85% of the Revenue Target (or Modified Revenue Target, if applicable), you will be eligible to (i) apply to the Global Accounts Steering Committee to pursue an Enterprise Wide Account in the manner prescribed in the in the Operations Manual, provided that approval or disapproval of your application will be in the sole discretion of the Global Accounts Steering Committee, and (ii) apply to us to purchase a franchise for additional territory, which we may approve or disapprove in our sole discretion.

1.3. Rights Reserved by Us

We reserve all rights not specifically granted to you in this Agreement and may, among other things:

- A. own and operate, and authorize others to own and operate Carnegie Businesses at any location outside the Territory, including those which may be situated immediately proximate to, adjacent to or abutting the boundary of the Territory;
- B. use or license the Marks within or outside the Territory for the purposes of offering or selling any service or product whatsoever, whether or not such services or products are competitive with the Business or the Carnegie System, including without limitation, to offer, sell, organize and conduct (either ourselves or through franchises, licenses, joint ventures or any other business combination): any proprietary instructional programs, systems, teaching and management techniques, educational programs, e-Learning, videos, social media, learning management systems, consulting, surveys and/or programs developed by us or third parties, with any method of delivery, to any person, anywhere, including situated within the Territory and no matter how close to your Office and/or Training Facilities and without regard to the impact on the revenues, profitability and/or viability of the Business, provided, however, except as stated in Section 6.1 H and sales through the Catalog, we will not offer, sell and/or conduct nor license franchise or otherwise allow third parties to offer, sell and/or conduct any of the Core Programs in the Territory in violation of your exclusive rights under Section 1.1 (i) or any combination of Carnegie Programs comprised of the modules and/or exercises specific and unique to the Core Programs which, if delivered together, would replicate a majority of any such program and provided further that you acknowledge and we specifically reserve the right to offer, sell and/or conduct or allow third parties to offer, sell and/or conduct any other current Carnegie Programs that may be modules of or based on less than all of the content of any Core Program except as limited above.
- C. except as stated in 1.B above, offer, sell and/or conduct any proprietary instructional program, system, teaching and management technique, educational program, consulting, survey and/or program developed by us or third parties, which include less than all of the modules or is based on less than all of the content of any Carnegie Program.
- D. offer, sell, organize and conduct or allow third parties to offer, sell and/or conduct training directly to companies having more than 2,500 employees in the Territory, when your Gross Revenues from providing training in the Territory to that company amounts to less than \$20,000 over the two (2) preceding Fiscal Years;
- E. offer, sell, organize and conduct or allow third parties to offer, sell and/or conduct Virtual Instructor Led Training in the Territory pursuant the provisions of Section 9.1;
- F. offer, sell, organize and conduct or allow third parties to offer, sell and/or conduct Strategic/Preferred Accounts in the Territory, pursuant the provisions of Section 8.11;
- G. purchase, merge, acquire, be acquired by or affiliate with any other business organization, including one that provides training or instruction that is competitive with Carnegie Programs, whether or not the other business organization provides training services in the Territory; provided, however, that any facility of such business organization situated within the Territory will not be permitted to operate under the Marks until the

termination or expiration of this Agreement, but will be permitted to continue operation under any other name or mark.

The essence of this Section 1.3 is that the specific terms and limitations of this Agreement and the Business and the boundaries of the Territory conferred under this Agreement are to be deemed for all purposes strict terms, limitations and boundaries not subject to further judicial or other construction, implication or attempts to expand same, directly or indirectly, and outside of which (or within which, to the extent provided above) we may engage in any business activity whatsoever.

2. TERM AND RENEWAL

2.1. Initial Term

The initial term ("Initial Term") of this Agreement will expire on the last day of the month following the tenth (10th) anniversary of the Effective Date, unless this Agreement is sooner terminated in accordance with its provisions.

2.2. Renewal Term

You will have the right to renew the franchise for an unlimited number of consecutive ten (10) year terms (each a "Renewal Term"), if you have complied with the conditions and procedures for renewal in this Section unless (i) after using commercially reasonable efforts we are unable to obtain registration to offer or sell franchise opportunities in the Territory or (ii) we have decided that we will no longer license or franchise any third party to offer and conduct Carnegie Programs, or any similar business in the Territory if, in our reasonable discretion, we deem it to be unsafe or not commercially viable to provide support in the Territory and we published a public notice or a notice of such withdrawal to the Carnegie System within twelve (12) months prior to the expiration of the Initial Term or renewal term, as applicable. If we withdraw from the Territory pursuant to (ii) above, we shall not operate a Carnegie Business nor license or franchise any third party to offer and conduct Carnegie Programs in the Territory for at least twelve (12) months after such notice and, such franchisee will not be subject to the post term covenant not to compete in Section 13.2 of this Agreement.

1. You have not, during the last three (3) years of the Term, failed to timely cure a default under the Agreement as to which you have been given a Notice of Default.
2. You have not during the Term committed an Event of Default.
3. You are current within 30 days in all monetary obligations to us or our Affiliates.
4. We have not sent you two (2) or more valid Notices of Default under this Agreement within any continuous six (6) month period occurring within two years of the expiration date of the Initial Term or renewal term, applicable.
5. You have been and are able to continue the operation of your Business without interruption.
6. You have provided written notice to Us at least 180 days prior to the then applicable Expiration Date, time being of the essence.

7. You and we have executed a General Release in the form of Exhibit A ("General Release – Renewal").
8. You are not in receipt of an uncured Notice of Default at the time of renewal.
9. You pay to us a renewal fee of \$2,500 US.
10. You have executed our then-current Franchise Agreement, which will supersede this Agreement in all respects. Subject to the applicable law in the Territory, the terms of the renewal agreement may differ entirely from the terms of this Agreement, including, without limitation, such material terms as the Annual Minimum Production; the Royalty; the Marketing Contribution; other fees; and the rights, duties, limitations and responsibilities afforded or imposed under said renewal agreement. If you have not committed an Event of Default, the boundaries of the Territory will remain the same, provided that we may, in our reasonable discretion, choose to divide the Territory into two or more commercially viable territories, each of which will have a separate renewal franchise agreement and a Revenue Target of not less than \$500,000 US s. Factors we may consider in the decision to divide the Territory include, without limitation, whether your Gross Revenues in the Territory are concentrated such that a commercially viable portion of the Territory is under served, whether the Territory is comprised of two or more commercially viable portions with different demographic characteristics and whether the Territory can be effectively and efficiently divided geographically.

2.3. Failure to Meet Renewal Conditions

If you do not perform any of the acts or deliver any of the notices required by Section 2.2 within the applicable time limits, then, subject to the applicable law of the Territory, you will be deemed to have elected not to exercise your right to renew your franchise, and, subject to applicable law, this right will automatically lapse and expire without further notice or action by us. If this occurs, this Agreement will terminate at the end of the Term, except for the provisions of this Agreement which survive expiration, including, without limitation, the post termination, post-expiration and indemnification provisions hereof.

2.4. Notice of Expiration

If we are required by applicable law to give notice of expiration to you at a specified time before the expiration of the Initial Term, and we have not done so, then the term of this Agreement will be extended on a month to month basis until we have given you the required notice of expiration and the required period before the expiration becomes effective has expired.

3. PAYMENTS TO FRANCHISOR AND, IF APPLICABLE, FORMER SPONSOR

3.1. Initial Franchise Fee

In consideration of the execution of this Agreement by us, you will pay us the Initial Franchise Fee, as indicated in the Reference Provisions. The Initial Franchise Fee is payable in full upon the execution of this Agreement by you, will be deemed fully earned when paid, and will not be refundable (in whole or in part) except if we determine that you have failed to attend or successfully complete the Franchise Academy and we terminate this Agreement, then we will return to you twenty-five percent (25%) of the Initial Franchise Fee.

3.2. Royalty

You will pay, on the dates specified in Section 3.3, a royalty of twelve percent (12%) on all Gross Revenues during the Fiscal Year. After you have reported your annual Gross Revenues at the end of the Fiscal Year, if you are not in default of the Agreement beyond applicable notice and cure, we will reconcile your account and refund any applicable amount to you for Gross Revenues which fall within Tiers 2, 3 and 4, as stated in Section 1.10 of the Reference Provisions, within 120 days after the later to occur of (i) the end of the Fiscal Year and (ii) the date you have reported your undisputed annual Gross Revenues for the Fiscal Year.

By way of example only, if your Revenue Target (or Modified Revenue Target, if applicable) is \$100,000 and your Gross Revenues are \$120,000, you will owe royalties equaling \$12,025 as follows: (i) \$7,800 (12%) up to \$65,000, (ii) \$1,900 (9.5%) for amounts in Tier 2 (\$65,001 to \$85,000), (iii) \$2,100 (7%) for amounts in Tier 3 (\$85,001 to \$115,000) and (iv) \$225 (4.5%) for amounts in Tier 4 (\$115,000 to \$120,000). You will have paid a total of \$14,400 in royalties and if you are not in receipt of an uncured Notice of Default we will refund your overpayment of \$2,375 in the manner explained above. Notwithstanding the foregoing, during your Ramp-Up Period, your Royalty on all Gross Revenues will be 12% and the Royalty will not be scaled as described above. Additionally, subject to the applicable law of the Territory, if you are in receipt of an uncured Notice of Default under this or any other Franchise Agreement with us, your Royalty will be 12% and you will not be entitled to a refund of your overpayment until you have cured such default. Further, if you have committed an Event of Default during the Fiscal Year, your Royalty for such Fiscal Year shall be 12% of Gross Revenues and you shall not be entitled to such tiered royalty structure.

3.3. Reporting and Payment

A. Within five (5) business days after the end of every calendar month, you will send us reports concerning the operation of your Business through DCT Client Builder™, or such other method or system as we may specify in the Operations Manual. Such report shall include, but not be limited to, the Gross Revenues, program activity, program schedules, class rosters, services rendered and products sold for the preceding month and such other information as we may require, in the form and manner specified in the Operations Manual (the “Monthly Report”). You will send us any other periodic reports regarding the activity of your Business that we may reasonably prescribe in the Operations Manual.

B. We require the electronic filing of all of your reports, but if for any reason the necessary electronic communications cannot take place – whether because our computer system is unable to receive your report or because your computer system is unable to transmit a report, or for any other reason – then you will ensure that we receive the report in the manner we otherwise direct by the date due.

C. On or before the fifteenth (15th) day of every month, you will pay to us the Royalty and the Marketing Contribution for the preceding month based on the Gross Revenues for such month.

D. You will pay us the software support fees specified in the Software License Agreement (as defined in Exhibit C) at the times specified in such agreement.

E. You will pay us for the Materials at the times specified in this Agreement.

3.4. Commencement of Payments

Except as otherwise provided in this Agreement, the Royalty, Marketing Contribution and all other payments and fees due under this Agreement will accrue on the date of Commencement of Operation of the Business. All payments will be due to us on those dates specified either in this Agreement, the Operations Manual or the Software License Agreement, or, with regard to the Materials and any other products and/or services sold or

we (or any of our Affiliates) furnish to you, on the terms we (or our Affiliate) specify at the time of offer or sale, as applicable.

3.5. Other Payments to Us

You will pay to us the amount of all sales taxes, value added taxes, trademark license taxes and any other similar tax (except income taxes) or levy whatsoever – however denominated – imposed on, required to be collected, or paid by us on account of Materials, services or goods we have furnished to you through sale, lease or otherwise, or on account of collection by us of the Initial Franchise Fee, Royalty, Marketing Contribution and/or the other fees called for by this Agreement, in addition to all amounts which we have advanced or paid, or which we have become obligated to pay, on your behalf.

3.6. Late Charges

A. You will pay to us on any amounts which have not been paid within 10 days after notice of such late payment (i) the greater of \$100 or 5% of the amount due and (ii) interest, from the date due until paid, at the rate which is the lesser of eighteen percent (18%) per annum or the highest contract rate of interest allowed by the law of the state where your Center is located. Notwithstanding the foregoing, it is not our intent that you pay any amount that is above the maximum amount allowed by applicable law in the Territory.

B. If we receive your Monthly Report more than thirty (30) days after it was due, you will pay to us a 10% penalty on the Royalty that was generated from that report.

C. You acknowledge that this Section will not constitute agreement by us to accept any payments after the expiration of any applicable cure period.

3.7. Form of Currency; Electronic Transfers of Funds.

You will make all payments in United States Dollars and by check, money order, electronic funds transfer or other wire transfer or such other means we may make available for payment by written notice to you.

3.8. Application of Funds

If you are delinquent in the payment of any obligation to us under this Agreement, or under any other agreement with us or any of our Affiliates, then we or our Affiliate may apply your payment or any payment which would otherwise be due to you (including, without limitation, revenue due to you with respect to Strategic/Preferred Accounts) to the oldest obligation due, whether under this Agreement or otherwise, even if you designate such payment for another purpose.

3.9. Franchisee May Not Withhold

You agree not to withhold payment of any Royalty, Marketing Contribution, payment for Materials or any other amount due to us or our Affiliates on the grounds of the alleged non-performance or breach of any of our (or our Affiliates') obligations under this Agreement or any related agreement (including agreements for the sale of Materials or other products or services by us or our Affiliates to you).

3.10. Payment of Continuing License Fee to Former Sponsor of Territory

If the Territory was formerly operated by a Franchisor sponsor who has a right to receive a “continuing license fee” under a so-called “Sponsor’s License Agreement” with us covering the Territory, then you will be solely responsible, and you expressly warrant that we are not guarantors, for the payment to said former sponsor the Continuing License Fee for the Territory.

4. PROTECTION OF PROPRIETARY RIGHTS

4.1. Ownership of the Marks

A. Nothing in this Agreement will give you any right, title or interest in or to any of our Marks (or that of our Affiliates) except as a privilege and license, during the term of this Agreement, to display and use the Marks according to the limitations in this Agreement. The license to use the Marks granted by this Agreement applies only to the Marks we designate for use in the Carnegie System, from time to time. You may not represent in any manner that you have acquired any ownership or equitable rights in any of our Marks by virtue of the license granted under this Agreement, or by virtue of your use of any of the Marks. All uses of the Marks by you, whether as a trademark, service mark, trade name or trade style, will inure to our benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with your use of the Marks or operation of the Business, including any “local goodwill.”

B. You acknowledge that our rights in the Marks are not limited to the specific presentation or configuration of any of them, but rather extend to all combinations and displays of the words and/or design elements thereof and extend to all translations thereof in any language. Further, you acknowledge and agree that our rights in and to the Marks are not limited to such rights as may be conferred by registrations thereof or by applications for registrations but, instead, include extensive common law and other rights in the Marks vested in us as a result of our use and use by other authorized parties.

4.2. Acts in Derogation of the Marks

We represent that the Marks are our exclusive property (or that of our Affiliates). You will assert no claim to any goodwill, reputation or ownership of the Marks by virtue of your licensed use of the Marks, or for any other reason. You will not do or permit any act or thing to be done in derogation of any of our rights or our Affiliates’ rights in connection with the Marks, either during or after the term of this Agreement. You will not apply for or obtain any trademark or service mark registration of any of the Marks or any confusingly similar marks. You will use the Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. You will not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Marks, our rights (or rights of our Affiliates) to the Marks, and our rights and the rights of our Affiliates, our other franchisees, or other third parties to whom or which we have licensed the Marks, to use the Marks.

4.3. Use and Display of the Marks

You will not use, and will not permit or cause another to use, the Marks except in the manner and to the extent specifically licensed to you under this Agreement. You agree that each such use of any Mark will accurately portray the Mark and the Mark will not be used or portrayed in a manner which jeopardizes the goodwill associated with the Mark or the Carnegie System. You will use the Marks in full compliance with rules we prescribe from time to time in the Operations Manual. You are prohibited (except as expressly provided in this Agreement) from using any Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos we license

to you). You may not use any Mark in connection with the sale of any unauthorized service, product or program or in any other manner not explicitly authorized in writing by us. You may use the Marks only for the operation of the Business or in advertising for the Business and for no other use whatsoever.

4.4. Prohibition on Use in Your Entity Name

If you are an entity Franchisee, you may not use our Marks or any confusingly similar words or symbols, in your entity name. In particular, you may not use the words “Dale Carnegie,” “Dale Carnegie & Associates, Inc.,” or any variant of same as part of your entity name.

4.5. Confidential Information

You and your officers, directors, Equity Owners, management, Trainers, Trainer Candidates, sales personnel and employees may use and permit the use of our Confidential Information only in connection with the operation of your Business. You will not, during the Term, or at any time after this Agreement expires or terminates or your rights hereunder are assigned, divulge or use any Confidential Information for the benefit of any other person, corporation, partnership, association or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information; provided, however, that you may (i) disclose Confidential Information to a bona fide prospective purchaser of the Business if such purchaser agrees in writing (in a form acceptable to us) to maintain the confidentiality of such Confidential Information; (ii) sell, assign or transfer the rights to the use of Confidential Information granted to you hereunder in connection with the Transfer of the Business; and (iii) disclose Confidential Information as necessary to members of your Board of Directors or like body if you are an entity Franchisee, and as necessary to your attorney, accountant, tax advisor and banker. You will take all commercially reasonable precautions to ensure that individuals, who whom you are authorized to share Confidential Information retain such Confidential Information in confidence. We represent to you that all Confidential Information is our exclusive property, with the exception of the Customer Lists, which you license to us under Section 4.9 hereof.

4.6. Defense of the Marks and Confidential Information by Franchisor

If you learn of any claim, suit or demand against you on account of any alleged infringement, unfair competition or similar matter relating to the use of the Marks or any of our Confidential Information (each, a “Claim”), you will promptly notify us. We will then promptly take any action we may reasonably consider necessary to protect and defend you against the Claim and indemnify you against any loss, cost or expense incurred in connection with the Claim, to the extent that the Claim is based on any alleged infringement, unfair competition, or similar matter relating to the use of the Marks or Confidential Information. You may not settle or compromise a Claim by a third party without our prior written consent. You and we will cooperate fully with each other in connection with the defense of a Claim. You grant irrevocable authority to us, and appoint us as your attorney in fact, to defend and/or settle all Claims of this type. You may participate at your own expense in the defense or settlement, but our decisions with regard to the settlement will be final. We will have no obligation to defend or indemnify you under this Section if a Claim arises out of or relates to your use of any of the Marks or Confidential Information in violation of the terms of this Agreement or law.

4.7. Prosecution of Infringers

If you learn that any third party which you believe is not authorized to use the Marks, any variant of the Marks or Confidential Information is doing so, then you will promptly notify us. We will then determine whether or not we wish to take any action against the third party on account of the alleged infringement. Except as stated in Section 4.6, you will have no right to make any demand or to prosecute any claim against any alleged infringer of our Marks or Confidential Information for or on account of an alleged infringement without our prior written consent, which we will grant or deny in our sole judgment.

4.8. Discontinuance or Substitution of the Marks

If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute Marks, we will consult with the Operating Standards Committee prior to making such modification, discontinuance or adoption, in accordance with Section 23.7 of this Agreement. You will comply with any such instruction by us regarding a change in the Marks. Our sole obligation at the time we require you to comply will be to reimburse you for certain reasonable, documented expenses of compliance, limited to (i) 250 replacement business cards for each full time employee, (ii) templates to produce stationary bearing the required Marks, and (iii) replacement of existing customer-facing signage not to exceed a value of five hundred dollars (\$500). You waive any other claim arising from or relating to any Mark change, modification or substitution.

4.9. Customer Lists

You license to us the rights to use your Customer Lists, but only for purposes related to the promotion and marketing of your Business in your Territory, provided that we may distribute the Catalog to your Customer List. Upon the expiration or termination of the Agreement, we may provide the list to a new franchisee or use the list ourselves if we choose to operate a Carnegie Business in the Territory, and you shall provide to us the Customer Lists as specified in Section 14.2.2. You shall provide to us from time to time, upon our request, the Customer Lists, or any items which comprise a portion of the Customer Lists. You will only use the Customer Lists in furtherance of the Business unless we grant you prior written approval to use the Customer Lists for some other purpose, which approval will not be unreasonably withheld, conditioned or delayed.

5. OFFICE AND TRAINING FACILITY LOCATIONS

You will comply with all of our specifications, requirements and restrictions contained in the Operations Manual concerning the selection and operation of the location(s) for your Office and Training Facility(ies). We may offer advice regarding the location and site selection of your Office and Training Facilities. You acknowledge that you will not regard or treat any advice, inspection or approval we provide regarding site selection (as a representation, express or implied warranty, or other indicia of the prospective profitability, viability or merit of any location. We make no representation regarding the success of any site you select and you acknowledge that you are responsible for choosing your site(s) in the Territory.

6. TRAINERS

6.1. Trainers and Training Candidates

A. Subject to the exception for Client Employee Trainers, only those persons who have successfully completed a Trainer Training Program and are then-currently certified by us to be a Trainer in a specific Carnegie Program may act as Trainers for such Carnegie Program. We reserve the right, in our sole judgment: (i) to accept or reject any individual as a Trainer Candidate and (ii) to grant or withhold consent of any Trainer Candidate as a Trainer.

You, at your sole expense, will provide each Trainer Candidate with preliminary training, as prescribed in the Operations Manual, and certify that you have obtained a criminal background report from a reputable investigative service for any such Trainer Candidate before entry in a Trainer Training Program. We will notify you if, in our sole judgment, any of your Trainer Candidates has failed to successfully complete a Trainer Training Program, and inform you of the basis for our conclusion.

B. Within sixty (60) days after the Effective Date, you must provide us with a list of Trainer Candidates approved by us. We will schedule the date of commencement, location and duration of a Trainer Training Program for each Carnegie Program. If you fail to provide us with a list of approved Trainer Candidates as required under this Section, we will have the right (but not the obligation) to send our own Trainer(s) to act as Trainer(s) for all Carnegie Programs conducted by your Business until such time as you have satisfied all the requirements of this Section. You will reimburse us, upon demand, for all costs and expenses (including, but not limited to, transportation costs, meals, lodging, salary, and other expenses) incurred by us and our Trainer(s) in connection with providing such Trainer(s) to you and your Business.

C. For any Trainer Candidate(s) who attends a Trainer Training Program during the Term of this Agreement, you will pay the cost for such Trainer Training Program(s), which will be as specified in the Operations Manual, as well as all expenses incurred by you and your Trainer Candidates in connection with any and all Trainer Training Programs, including, but not limited to, transportation costs, meals, lodging and other living expenses (although you are free to pass these costs and expenses on to your Training Candidates).

D. Certification to instruct specific Carnegie Programs is for a period of duration as described in the Operations Manual. During this period a Trainer will be required to attend refresher events annually and certification renewal events at least every three (3) years. We will determine and notify you of the date of commencement, location and duration of certification renewal events, and we will not charge you for such events, provided you will pay all of your expenses and the expenses of your Trainers associated with certification renewals and refreshers, including, but not limited to, transportation costs, meals, lodging and other living expenses. We will provide refresher materials and facilitator notes, and you have the option of conducting the refresher utilizing a local Trainer or a Trainer from outside the Territory as the facilitator. If you use a Trainer from outside the Territory as the facilitator, then you will pay the Trainer fees plus expenses.

E. You must enter into a Trainer Candidate Contract with each Trainer you seek to employ or retain, which must contain certain provisions as in the Operations Manual, and transmit electronically a copy of any such contract to us upon execution. You must give us written notice within thirty (30) days after the termination of any such contract.

F. If we are required by a corporate client to submit the background check report of your Trainers in relation to a Strategic/Preferred Accounts Program, you may not participate in such Strategic/Preferred Accounts Program unless you provide the required background check reports upon request. You will ensure that you are in compliance with all applicable laws in the Territory when sharing such background check reports.

G. When we change or update Carnegie Programs, we may, in our reasonable judgment, require the recertification of all Trainers in the Carnegie Program(s) in question (a "Recertification"), and if we do so, your Trainer(s) for the Carnegie Program(s) in question will attend. We will determine and notify you of the date of commencement, location and duration of each Recertification training program to be attended by your Trainer(s). We will not charge you any training fees for the Recertification training program, but you must pay all expenses incurred by your Trainer(s) in connection with the Recertification training program, including, but not limited to, transportation costs, meals, lodging and other living expenses.

H. Notwithstanding the foregoing, if approved in writing by the Global Accounts Steering Committee, then, in accordance with a separate agreement to be executed by the corporate client in the Territory, you may sell

a Train-The-Trainer program directly to the corporate client in the Territory only for the purpose of training a Client Employee Trainer.

I. Employee Trainer will conform to applicable training standards. If the separate agreement is between you and the corporate client, then the form of agreement with respect to the standards and certification must receive our prior written approval. Revenue splits for Train-The-Trainer programs will be determined by the Global Accounts Steering Committee.

J. As an alternative or supplement to in-person Trainer training, we may offer electronic training modules as continuing education for Trainers which may satisfy certain certification or recertification requirements. We may charge a commercially reasonable subscription fee to access such modules, as specified in the Operations Manual provided that the use of such modules will be optional if such training is also offered in person. In the event we require you to use such electronic training modules, any subscription fee shall be cost neutral or represent a cost savings to you over the costs of sending your Trainers to an equivalent in-person training event.

6.2. Obligations Concerning Trainers and Carnegie Programs

A. We will provide Trainers with a "Trainer Manual", which specifies the duties and guidelines for administering Carnegie Programs, and you will purchase from us or our designee, and will make available to your Trainers, the required Materials as specified in the Trainer Manual. These Materials may include, without limitation, teaching aids, texts, books, booklets, awards, supplies and any incidental items. You will designate each Carnegie Program by the name prescribed by us in the Trainer Manual and may not designate any Carnegie Program by any name not prescribed by us.

B. You will cause your Trainers to conduct the Carnegie Programs only according to the then-current procedures, policies, standards, manuals, supplements, directives and the like prescribed by us and otherwise in compliance with the standards of quality specified in the terms of this Agreement, the Operations Manual and the Carnegie System. You will undertake a review and evaluation of each Trainer at least once per year to ensure that such Trainer is conducting the Carnegie Programs in accordance with such standards.

C. You and your Trainers will not use any books, videos, media or other intellectual property which is not in the Training Manuals or has not been otherwise provided by us for use in the conduct of the Carnegie Programs. You acknowledge that any unauthorized use of third party materials which have not been explicitly provided or authorized by us is a material breach of this Agreement.

7. DUTIES OF FRANCHISOR

7.1. Our Operations Manual

A. We retain the right to modify and revise the Operations Manual in the manner described in Section 23.7 C. and all such modifications to the Operations Manual will become binding on you as if originally in the Operations Manual, upon being delivered to you. Within 30 days following receipt, You will adopt and use the services, products, programs, materials, standards, specifications, policies, methods, procedures and techniques in the Operations Manual.

B. We represent that we own all proprietary rights in the Carnegie System and the Operations Manual. You acknowledge that you are acquiring no property or other right to them other than a license to use them during the term of this Agreement and in strict compliance with the terms of this Agreement and of the Operations Manual. You agree that you, your agents, independent contractors and employees will treat the Operations Manual and the information contained in it as Confidential Information. Upon the expiration or termination of this

Agreement, you will return the Operations Manual to us or, upon our request, destroy and certify such destruction to us.

C. You will ensure at all times that your copy of the Operations Manual is current and up to date. If there is any dispute as to your compliance with the provisions of the Operations Manual, the master copy of the Operations Manual maintained at our principal office will control.

7.2. Franchise Academy; On-Site Training

A. Before Commencement of Operation of the Business, you, the Franchisee Principal (if you are not the Franchisee Principal) and any other designated key personnel must attend and successfully complete the Franchise Academy. The Franchise Academy will consist of up to fourteen (14) days of training at our headquarters or such other location as we may designate.

B. Before Commencement of Operation of the Business, the Franchise Principal will be required to attend and successfully complete up to fourteen (14) consecutive days of on-site training at the Office and/or Training Facility of an existing franchisee of us with the location, starting date, and duration to be reasonably determined by us.

C. Any of your personnel who are required to attend the Franchise Academy but whom you hire or appoint after the Commencement of Operation of the Business must attend and successfully complete our next scheduled Franchise Academy. Notwithstanding the foregoing, Equity Owners holding at least 30% ownership of you who are not otherwise required by Section 7.2 A to attend Franchise Academy prior to Commencement of Operation of the Business must attend Franchise Academy within 365 days of the Effective Date.

D. We reserve the right to determine the duration and subject matter of all our training programs and the right to train any number of individuals from any number of franchised or non-franchised Carnegie Businesses at the same time. You will pay all expenses incurred by you and your personnel in connection with any training, including, but not limited to, transportation costs, meals, lodging and other living expenses.

7.3. Conventions

We may from time to time conduct international conventions and regional meetings ("Conventions"). You must pay all expenses associated with your participation or attendance at conventions and regional meetings. While we strongly recommend, but do not require, that you attend all Conventions, we do require that you attend a Convention at least once every two years during the Term. If you do not attend Conventions in two consecutive years, in addition to any other rights we may have under the Agreement, at law or in equity, you will reimburse our costs in administering the training to you and communicating the updates you would have received had you attended the Convention.

7.4. Field Support Services

Upon your reasonable request and at no cost to you, we will furnish you with field support services, which may include, by way of example only, advice regarding proper display of the Marks, procurement of equipment, fixtures and supplies, establishing your Training Facilities and staffing, financial and operational management, advertising and promotional techniques, employee training, certification and development procedures, cost control techniques, and other general guidance and advice regarding programs, procedures, specifications, and/or techniques pertaining to the operation of the Business. We will determine, in our sole discretion, the nature and extent of any such field support services and the manner in which they are provided to you. Your receipt of any such

services will be subject to the availability of our personnel. Notwithstanding the foregoing, we may charge you a fee to reimburse our out-of-pocket travel costs for field support that in our reasonable determination is excessive or is made necessary by your failure to comply with the material terms of the Agreement or the Operations Manual.

7.5. Test Marketing

We may, from time to time, conduct market research and testing to determine consumer trends and the desirability of new or modified Carnegie Programs. You agree to cooperate with us in any such market research programs or test marketing of new or modified Carnegie Programs. We will share the results of such research and testing with the Operating Standards Committee, and each franchisee that participated in the research and testing.

7.6. Pricing

A. Except for your sale of Carnegie Programs to corporate clients, you will charge a single, lump-sum registration fee per participant per Carnegie Program. This registration fee will include the cost of training and all required texts, books, booklets, miscellaneous fees, awards, supplies and all incidental items for the Carnegie Program in question. You will also charge sales, use or similar taxes as may be required by applicable law. This Section does not restrict your right to separately sell and deliver Sustainment Products or other optional supplemental materials for the Carnegie Programs.

B. If any approved third-party provider is used to deliver to individual participants or clients any services related to the Carnegie Programs (including, but not limited to, consulting services, needs assessments, evaluations, interviews and executive summary sessions), you will set the price of those services and invoice the individual participant or client. All monies paid to you by participants or clients in exchange for such services will be considered part of your Gross Revenues, and be subject to the fees in this Agreement.

C. You will inform us of all lump-sum prices charged for Carnegie Programs and all prices for any other services and/or products sold by you, and promptly inform us of any new or changed prices you may establish from time to time.

D. To enhance the interbrand competitiveness of the Carnegie System; to enable competitive, multi-territorial and system-wide "price point" advertising; and, to benefit clients of the Carnegie System, we may from time to time establish commercially reasonable maximum prices above which the Business may not offer and sell Carnegie Programs or other services and/or products under this Agreement. We will likewise have the right from time to time to revise or eliminate any such maximum prices. You will adhere to any such maximum price requirement imposed by us. We may, at our sole option, advertise specific Carnegie Programs throughout the Carnegie System at such maximum prices "or less." You will otherwise have the sole right to determine the prices which you will charge your clients.

E. We may from time to time suggest prices for Carnegie Programs and/or related services or products offered and sold by you. We and you agree that any list or schedule of such recommended prices will not be mandatory. You understand and agree that our suggested or maximum prices, fees, markups or margins may not increase or optimize the revenues or profitability of the Business.

7.7. Nature of Obligations

Unless otherwise stated in this Agreement, all of our obligations under this Agreement are to you alone. No other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

8. DUTIES OF FRANCHISEE

8.1. Commencement of Operation

You agree that Commencement of Operation of the Business will take place within 120 days after the Effective Date of the Franchise Agreement. Before the Commencement of Operation of the Business, you must fulfill all the pre-opening obligations called for by this Agreement including (but not limited to) your obligations to attend and satisfactorily complete the Franchise Academy (or such other initial training as we may require), and Apprenticeship Program, if required investigate the need for, seek and obtain all required business, building, zoning and other permits and licenses required to open and operate the Business; employ or retain and train all required staff, including Trainers, as required in this Agreement; pay all amounts then due to us; furnish us with the certificates or other evidence showing that you have procured the insurance coverage required under this Agreement; procure and install, at your expense, the required computer hardware, software, dedicated telephone and power lines and other computer related accessories, peripherals and equipment; and do all other acts necessary to make the Business ready to begin operations.

8.2. Manner of Operation

A. The Business and each Office and Training Facility will at all times comply with each and every provision of this Agreement, the Carnegie System and the Operations Manual, including, without limitation, strictly complying with our Code of Ethics, as specified in the Operations Manual.

B. There are no limitations on the General Manager you may hire. General Managers must attend and successfully complete the Franchise Academy. Certain persons affiliated with you must sign Our Confidentiality/Non-Competition Agreement (Exhibit B) and keep Our confidential information confidential.

8.3. Modifications to the Carnegie System

From time to time, in consultation with the Operating Standards Committee, we may change: the Carnegie System and the Marks; the composition, nature and content of Carnegie Programs; and, add or delete Carnegie Programs; and when we do, you must, at our request, promptly conform the Business to the revised requirements, at your cost. You will accept, use and make any such modifications to, or substitution of, the Carnegie System as if they were part of the Carnegie System at the time that this Agreement was executed.

8.4. Compliance with Laws

A. You will operate the Business in strict compliance with all applicable laws, rules and regulations of all governmental authorities. You will investigate the need for, obtain and maintain in good standing all required licenses, permits and other required forms of governmental approval for you to offer and sell the Carnegie Programs (and any other services, products or programs authorized for sale by us). You will take prompt and effective action to correct any violation in a notice issued by any governmental or municipal authority concerning such licenses and permits. You will comply with the Foreign Corrupt Practices Act, United Kingdom Bribery Act, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any similar Act or Rule. You will also only use and disclose the information of your customers, including, without limitation, the names, addresses, contact information and financial information, for the purposes for which such information, or access to it, was provided and you will comply with the provisions of the CAN-SPAM Act of 2003, the Health Insurance Portability and Accountability Act of 1996, and all applicable laws and regulations concerning the use and protection

of all confidential information and data received in the course of your operation of your customers, including those related to delivery of such information across national borders.

You will not pay, nor permit or suffer any agent, intermediary or employee to pay, directly or indirectly, any money or thing of value, to any official of the government of any nation or political subdivision thereof, or any of their agencies, instrumentalities, corporations or ventures, or to any political party, official thereof, or any candidate for the purposes of influencing the acts, omissions or decisions, in an official capacity, of such official, party or candidate in violation of his or its lawful duty or inducing him or it to exercise his or its influence to affect or influence any act or decision of such government or instrumentality or to obtain or retain business for the Business. Before making payment of any money or thing of value on behalf of, or with funds directly or indirectly received from the Business, you will make such inquiry as the circumstances may indicate is prudent into whether the immediate recipient and any ultimate recipient or beneficiary of such payment may have any official status with the government of any nation or political subdivision thereof, or any of their agencies, instrumentalities, corporations or ventures, or with any political party, official thereof, or any candidate for political office.

8.5. Requirements Concerning Products and Services

A. Except as otherwise provided in this Agreement, your Business will offer and sell only Carnegie Programs and related Materials and your Business may not offer or sell any product, seminar, workshop, assessment, service, product or program which is not a Carnegie Program or related Materials. You may not use the Dale Carnegie name or the Marks for the benefit of any business other than the Business. You may not conduct any business other than the Business contemplated by this Agreement at or from your Office and/or Training Facilities without our prior written consent, which we may withhold for any reason.

B. To provide Carnegie Programs of the highest quality and in the most expeditious and cost conscious manner, guarantee uniformity of concept and quality, and protect our trade secrets – which are of the essence to the Carnegie System and this Agreement you will purchase from us or our designees all Materials and any related products, services and equipment which are associated with the Carnegie Programs conducted by you and which now comprise, or in the future may comprise, a part of the Carnegie System and which were developed by or on behalf of, are proprietary to or kept secret by us. These include participant licenses for Dale Carnegie's eVolve training platform, participant manuals, trainer manuals, progress reports, trainer aids, coaching assistant guides, supplemental materials, advertisement and promotional materials, laboratory class assignments, audio and video recordings and booklets.

C. You must pay in full for Materials you buy from us within thirty (30) days from your receipt of an invoice. We may refuse orders, require prepayment, ship C.O.D., include estimated shipping charges or halt shipments in transit if (i) all prior invoices are not paid in full, or (ii) we reasonably believe such steps are necessary to secure payment. We may establish and modify credit limits and payment terms for your Business. Our refusal to place, ship or deliver orders to you does not constitute permission for you to obtain proprietary Materials from unauthorized sources. You have no right to automatic setoff of amounts due you from purchases made from us. We may select the mode of shipment and carrier. From time to time and in our sole discretion, we may waive the payment of royalties on certain services and/or programs that we (or our Affiliate) sell to you. Our waiver of such will not obligate us to make any future waiver of royalties for such service and/or program.

D. We (or our Affiliate) will sell you all Materials and any other proprietary products or equipment F.O.B. their place of manufacture or any other location we designate from time to time. You waive any possible claim against us (or our Affiliate) arising out of or related to the shipment of the Materials or other proprietary products or equipment or the selection of any carrier.

E. Your exclusive remedy and our (and our Affiliate's) exclusive liability for any and all claims as to any Materials, products or equipment delivered under this Agreement or for delayed delivery or non-delivery of the Materials, products or equipment, will be limited to the purchase price of the Materials, products or equipment in question (plus shipment costs, if any, paid by you for the products or equipment) or, at our (or our designees') option, the replacement of the Materials, products or equipment shipped to the Business at our (or our designee's) expense. Neither we nor any of our designees will be liable for special, incidental, indirect or consequential damages, whether or not caused by or resulting from our negligence or that of our designee (as applicable).

F. We warrant that to our knowledge, after commercially reasonable inquiry, that all of the Materials and any other proprietary products and equipment purchased by you from us meet our specifications and do not violate the intellectual property rights of any third party. We and our Affiliates neither make nor intend, nor authorize any agent or representative to make, any other warranties, express or implied, with respect to Materials or other proprietary products and equipment delivered under this Agreement. We and our designees expressly exclude and disclaim all implied warranties of merchantability and fitness for a particular purpose with respect to Materials or any other proprietary products and equipment delivered under this Agreement.

G. At the conclusion of each Carnegie Program, you must give each participant a program end "Voice of the Customer" evaluation designed to measure participant satisfaction. You must pay us an annual fee which will cover our cost of processing of your program end evaluations for the year. Your annual fee will be determined based on your annual Gross Revenues for the preceding year, as further detailed in the Operations Manual. We will send you an annual statement and you must pay such statement within 30 days.

8.6. Translation

We will, at no cost to you, translate the Core Programs into the following languages: Spanish, French, Brazilian Portuguese, German and Mandarin. We will also translate such other Carnegie Programs as we may elect, in our sole discretion, into the same languages. If you wish to buy Materials in such languages, or any other languages for which we have already prepared translations, then we will sell such Materials to you at no additional cost for such translation. If you wish to translate any Carnegie Programs into a language for which we have not already prepared such translation, you shall apply to us to perform such translation, at your expense, in the manner set forth in the Operations Manual, provided that we will own the copyright and all other proprietary rights in any translated Materials, which translated Materials will also be subject to the restrictions in this Agreement regarding Confidential Information.

8.7. Annual Minimum Production

During each Fiscal Year, you must achieve annual Gross Revenues equal to or in excess of the then-applicable Annual Minimum Production ("AMP") for the Territory. The AMP will initially be set at an annual amount of Gross Revenue equal to the amount set forth in Section 1.8 of the Reference Provisions. If you do not meet or exceed your AMP in any Fiscal Year, you will be placed in a probationary status ("Probation"). If you meet or exceed your AMP for the next four consecutive Fiscal Years, you will be removed from Probation.

8.8. Client and Attendee Complaints and Refund Requests

You will respond to complaints and requests for refunds from clients and attendees of Carnegie Programs in a courteous manner which will not detract from the reputation or goodwill associated with us, the Carnegie Programs or the Marks.

8.9. Testimonials and Endorsements

You will permit us or any of our authorized agents or representatives to communicate in any manner with your past or current clients or attendees of Carnegie Programs to procure testimonials and endorsements of Carnegie Programs, the Carnegie System and any related services or products. You will cooperate with us in procuring testimonials and endorsements. Either you or we will be free to make whatever use of testimonials and endorsements that either of us determines. We will not owe either you or any such past or current client or attendee any direct or indirect compensation or other duty as a consequence.

8.10. Accreditation of Franchisee

You will comply, at your expense, with our policies concerning applying for, being granted, and maintaining in good standing accreditation by any agency or institution that accredits the Business, the Carnegie System and/or any Carnegie Programs, as such policies are stated in the Operations Manual.

8.11. Strategic/Preferred Accounts Program

A. You will be required to participate in the Strategic/Preferred Accounts Program (the “Strategic/Preferred Accounts Program”).

B. The Strategic/Preferred Accounts Program will be conducted as provided in the Operations Manual, and as follows:

1. All Strategic/Preferred Accounts contracts (“Strategic/Preferred Accounts Contracts”) must be substantially in a form prescribed by and are subject to approval of the Global Accounts Steering Committee, and will be entered into by us and the Strategic/Preferred Account client. The Global Accounts Steering Committee will establish guidelines, including maximum pricing guidelines.
2. For each Strategic/Preferred Account, we will designate, in our sole discretion, a franchisee or company-owned Carnegie Business as the “responsible person” for that Strategic/Preferred Account. If you are the responsible person for a Strategic/Preferred Account, you must provide Carnegie Programs to that Strategic/Preferred Account in the Territory, as required under the Strategic/Preferred Accounts Contract. If you are not the responsible person for a Strategic/Preferred Account, you must provide Carnegie Programs to that Strategic/Preferred Account in the Territory if required under the Strategic/Preferred Accounts Contract, and must cooperate with the responsible person in providing such Carnegie Programs. You agree to comply with the terms (including, without limitation, the pricing terms) of any Strategic/Preferred Accounts Contract requiring the provision of Carnegie Programs in the Territory.

3. If you are the responsible person for a Strategic/Preferred Account, you will receive all revenues from Carnegie Programs you provide to that Strategic/Preferred Account in the Territory and a percentage of the gross revenues (as in the Operations Manual) from the Carnegie Programs provided to that Strategic/Preferred Account outside of the Territory by another franchisee or a company-owned Carnegie Business (including a Center of Excellence). You acknowledge and agree that, if you are not the responsible person for a Strategic/Preferred Account, then the percentage of the gross revenues (as determined by the Global Accounts Steering Committee) from the Carnegie Programs provided to that Strategic/Preferred Account by you in the Territory will be received by the responsible person for that Strategic/Preferred Account.
4. We will perform all invoicing, revenue collecting and disbursements concerning all Strategic/Preferred Accounts Contracts, except where prohibited by local law.
5. We reserve the right to modify or terminate (and thereafter to reinstate) the Strategic/Preferred Accounts Program upon notice to you.
6. You acknowledge and agree that your provision of services to any Strategic/Preferred Account is restricted to the Territory. We reserve the right to call on any domestic or multi-national account operating in the Territory with over 2,500 employees worldwide, including the local or national government of the Territory.

8.12. Computer System

You will install and use the proprietary software programs which have been developed by us or on our behalf, specifically DCT Client Builder™, Salesforce and other software programs as mentioned in the Operations Manual. You will execute, concurrently with the execution of this Agreement, our standard form Software License Agreement in the form of Exhibit C (the "Software License Agreement").

You will bring your computer system on line with our headquarters computer at the earliest possible time and maintain this connection as we require in the Operations Manual. You will input and maintain in your computer system all data and information which we prescribe in the Operations Manual, in our proprietary and other software programs. We may retrieve from your computer system all information pertaining to your Business that we deem necessary, desirable or appropriate, but not other information. We will bear the costs of information retrieval.

You will, at your expense, keep your computer system in good maintenance and repair. We may change Carnegie System hardware or software requirements. Following our testing and determination that it will prove economically or systemically beneficial to you and us, you will install at your own expense implement the additions, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines and other computer facilities.

Upon termination or expiration of this Agreement, you will return all computer software, disks, tapes and other magnetic storage media bearing Confidential Information to us in good condition, allowing for normal wear and tear.

You will use DCT Client Builder™ or such other system as we may designate in the Operations Manual to report Gross Revenues and maintain your financial records and merchandising data; and, generate reports for both you and us.

8.13. Web Site

A. We will maintain a corporate Web Site (the "DC&A Web Site"), from which users will be directed to a Web Sites of franchisees (each a "Sub Site"), including your Business which are dynamically linked to the DC&A Web Site. Your Sub Site must be your sole web site and you shall not host or maintain any additional web site(s) for the Business or any competing business. The Sub Site must use our template and a domain name approved by us, and must at all times conform to the standards of quality associated with the Carnegie System and the requirements for the Sub Sites set forth in the Operations Manual, as may be modified by us from time to time. You agree that the particular Sub Site used by your Business shall be subject to our review and written approval both prior to making the Sub Site accessible to the public or any persons not affiliated with us or the Business, and thereafter, on a regular basis, in accordance with the requirements set forth in the Operations Manual.

B. Upon the expiration or termination for any reason of this Agreement, you will irrevocably assign and transfer to us (or to another franchisee or other designee of ours) any and all interests you may have in the Sub Site(s) maintained by you in connection with the Business. You will execute any documents and perform any other actions required by us to effectuate such assignment and transfer and otherwise ensure that all rights in such Sub Site(s) revert to us (or to another franchisee or other designee of ours). Following such expiration or termination, you may not establish any Web Site using any similar or confusing domain names, and you may not identify yourself on any Web Site as our former franchisee.

C. You must conform to Social Media standards defined in the Operations Manual.

8.14. Indemnification

A. Franchisee and all guarantors of Franchisee's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to us), and hold harmless (to the fullest extent permitted by law) us and our parents and affiliates, and their respective predecessors, successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against us and/or Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee's activities under this Agreement, except as caused by our gross negligence or willful misconduct or related to a claim that products or materials, courses and programs supplied to you (not including portions of customized courses not supplied by us) by us infringe upon the intellectual property rights of a third party. Franchisee promptly shall give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall promptly furnish us with copies of any documents from such matters as we may request.

At Franchisee's expense and risk, we may elect to assume (but under no circumstances will we be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Franchisee's obligation to indemnify and hold harmless us and Indemnitees. We shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

B. As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; travel, food, lodging and other

living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals, or governmental or quasi-governmental entities (including those of Indemnitees' attorneys and/or experts); compensation for damages to our reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

8.15. Inspection and Operational Audit

A. You agree that we or any of our authorized agents or representatives may, on as little as one days' notice, at any time during normal business hours enter into the Office, Training Facilities and any other facilities of the Business, and/or visit any locations at which you are conducting or have conducted Carnegie Programs, to conduct an operational audit to determine compliance with this Agreement and with our standards and policies in the Operations Manual. Our representatives may survey the Trainers, and your other employees, personnel, customers and clients and persons who currently or previously attended your Carnegie Programs to gather information in assessing your Business, but we will not give direction to, supervise, or otherwise provide any management of your employees. We will take reasonable precautions to minimize any unavoidable disruption to any class or program, and to minimize any imposition on you or your customers.

B. Following any inspection and operational audit, we will provide you with a written report of our findings, our recommendations to improve the Business and any corrections and modifications we require to maintain the standards of quality and uniformity prescribed in the Operations Manual. Within ten (10) days after your receipt of such report, you will provide notice to us that you have cured, or if such cure cannot not reasonably be completed within ten (10) days, have commenced and are diligently pursuing such cure of, all conditions required to be cured pursuant to such report.

8.16. Entity Franchisee Requirements; Records

Franchisee, if a corporation, partnership, limited partnership, limited liability company or any other entity, and any transferee which is an entity, will comply with the following requirements:

A. Appoint an individual to act as the Franchisee Principal as provided in the Reference Provisions. The appointment of the Franchisee Principal (and any successor Franchisee Principal) must receive our prior written approval. Upon the death or Incapacity of the Franchisee Principal, or the termination of the Franchisee Principal's status as Franchisee Principal, you must notify us and designate a successor Franchisee Principal no later than ten (10) days following any such death, Incapacity or termination. You agree that we will be entitled to conclusively presume that the Franchisee Principal has the requisite authority to act on your behalf and bind you.

B. If the Franchisee Principal does not have a place of business or a residence in the Territory, appoint a General Manager for the Territory.

C. Furnish us with any organizational or similar documents which we may reasonably request.

D. Confine its activities only to the operation of the Business, and in its governing documents provide that its activities are confined exclusively to the operation of the Business.

E. No shares of stock over 10%, general or limited partnership interests, membership interests or any other type of equity or voting interest in the entity Franchisee may be sold or transferred without our prior written consent.

8.17. Services, Products, Equipment, Programs and Intellectual Property Developed by Franchisee

A. You agree that all discoveries, inventions, creative works, and other developments of any kind pertaining to the Business that you make, whether alone or with others, or made on your behalf, during the Term, are exclusively the property of and owned by us, whether as works for hire or otherwise. We and our Affiliates and franchisees will not be liable to you in any manner, whether for compensation or otherwise, for any use they make of any of your discoveries, inventions, creative works, and other developments pertaining to our Business. We grant you a fully paid license, to use the discoveries, inventions, creative works, and other developments made by you or on your behalf in conjunction with your business as a franchisee, for as long as you are a franchisee.

B. You agree to (a) disclose to us all such discoveries, inventions, creative works, and other developments pertaining to the our Business within a reasonable time after their creation, (b) assign to us all such discoveries, inventions, creative works, and other developments pertaining to the our Business, and (c) execute and deliver such papers, documents, drawings, and descriptions (including executed patent applications, assignments, affidavits, and the like) and render such further assistance as may from time to time be deemed desirable or necessary to vest and maintain our entire right, title, and availability in, to, and of such discoveries, inventions, or other developments, and creative works and their related copyrights.

8.18. Variance of Standards and Terms

At our absolute discretion and without obligation to you, we may vary standards for any other franchisee and/or Carnegie Business. Other franchisees and/or Carnegie Businesses may operate under forms of agreement which may differ materially from this one. You will have no right to require us to disclose any variation to you or to grant you the same or a similar variation under this Agreement.

9. VIRTUAL INSTRUCTOR LED TRAINING AND SEMINARS

9.1. Virtual Instructor Led Training

A. You have the non-exclusive right to sell and deliver Virtual Instructor Led Training to companies in the Territory, and Trainers delivering such Virtual Instructor Led Training will be certified in accordance with the terms of the Operations Manual. If your Trainers are not certified to deliver Virtual Instructor Led Training, we may provide certified Trainers to deliver Virtual Instructor Led Training for a fee, as determined in the Operations Manual. You may not sell or deliver Virtual Instructor Led Training in public classes to individuals. Notwithstanding the foregoing, you may offer “Sustainment Products” in accordance with the terms in the Operations Manual.

B. We may, either directly or through third parties, offer and/or sell Virtual Instructor Led Training to Persons in the Territory. We will perform all invoicing, revenue collecting and disbursements concerning the sale of Virtual Instructor Led Training, and all contracts with clients for such Virtual Instructor Led Training will be entered into by us. Revenue from such Virtual Instructor Led Training sold by us or a third party designated by us will be split as stated in the Operations Manual.

9.2. Testing New Seminar Formats

We will, from time to time, test the appeal of new programs by offering, selling and conducting shorter versions of such programs in territories we deem appropriate, including the Territory. If we do, we will remit to you

(a) such amounts as are in the Operations Manual if the seminars are conducted in the Territory; and (b) twelve percent (12%) of the Gross Revenue from any participants of a seminar who reside in the Territory and traveled to the territory of another of our franchisees or a company-owned Carnegie Business (including a Center of Excellence) to take the seminar.

9.3. Payments

We will make any payments due to you under this Section via check or electronic transfer of funds quarterly on April 15th, July 15th, October 15th and January 15th of each calendar year, or credit any such payments to any outstanding balance you owe us. The revenues you receive under this Section are included in Gross Revenues.

10. ADVERTISING

10.1. Advertising Standards

For the purpose of this Agreement, the term “advertising” means any and all advertising, marketing, identification and promotional materials and programs of any type or nature whatsoever and in any form or media.

You may only use advertising which we have either sold to you or approved in writing in advance. You will conduct all advertising which uses the Marks or refers in any way to the Business in a dignified manner, and in a manner calculated to avoid fraud, deception, misrepresentation or impairment of the goodwill of the Marks, the Business, the Carnegie System, the Carnegie Programs, the Office, the Training Facilities or our other franchisees. You will conform all advertising to the standards, specifications and requirements specified in the Operations Manual.

You will not, either alone or with any other person or entity, advertise or promote the Business in any media unless it has at least seventy-five percent (75%) of its total circulation or coverage within the Territory, as determined by us in our reasonable discretion, without first obtaining our prior written consent in each instance. In addition, you will not, either alone or in conjunction with any other person or entity, issue or distribute any advertising or promotional material, engage in any on-site promotional visits, and/or otherwise engage in any advertising and/or promotional activity outside the Territory with respect to the Business, without first obtaining our prior written consent in each instance. This Section will not apply to advertising or promotion of your Business through a Web Site if you comply with the provisions of this Agreement.

If you breach the provisions of this Section, we will notify you in writing of the facts which we believe have given rise to the breach. If you do not cure the breach within three (3) days following delivery of this notice, then we may cancel any contracts and/or have removed any unauthorized advertising at your expense and you will reimburse our reasonable expenses in causing such removal.

10.2. Submission of Catalog Information

We may publish and distribute, from time to time, a North American catalog detailing programs made available by you and other franchisees in the months immediately following distribution of the catalog. Upon our request, you will promptly furnish us with the dates, times and locations where various programs will be offered in the Territory, and any other reasonably requested information concerning such programs, for inclusion in such catalog(s).

10.3. Submission of Proposed Advertising

Except for advertising materials, programs and campaigns which we sell to you (all of which we recommend, but do not require, you to use), you will electronically transmit to us for approval, before use or dissemination, copies of all proposed advertising. If we do not respond within ten (10) business days following our documented receipt of your proposed advertising material, this will constitute approval. If we disapprove of any advertising, we will promptly advise you in writing and state the basis of our disapproval so that you may attempt to alleviate the basis for our objection. Our written notice of disapproval will be final, not subject to challenge and given for the sole purpose that you may change your proposed advertising to meet our approval.

10.4. Use of Third Party Intellectual Property

You will not use any intellectual property of any third party without the express license of such third party. You acknowledge that it is your responsibility to investigate any third party material to determine whether such material is intellectual property of a third party prior to your submission for approval and our approval of any proposed advertising is based upon our expectation and belief that you have secured a license for any such intellectual property. In the event you engage in the unauthorized use of any such intellectual property, you will pay any and all costs related to such unauthorized use and you will fully indemnify us for all costs we incur related to such use, including, without limitation, all legal fees related to such use.

10.5. Our Advertising and Promotional Activities

You acknowledge that our advertising and promotional activities are intended to further general public recognition and acceptance of the Marks for the benefit of the Carnegie System. You further acknowledge and agree that we undertake no obligation to make expenditures on your behalf which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates the Territory.

We are not a fiduciary with respect to any of our franchisees' Marketing Contributions, and the aggregate of our franchisees' Marketing Contributions is not a trust or an "advertising fund". We are not required to maintain the Marketing Contributions paid by our franchisees or income earned from these Marketing Contributions in a separate account from our other funds.

We reserve the right to use any media, create any programs and allocate advertising and promotional expenditures to any regions or localities as we consider commercially reasonable; provided, that we will use our best efforts not to routinely spend Marketing Contributions in a way likely to benefit only (or predominantly) markets that we (or an Affiliate) control, or one territory or region only, although you acknowledge and agree that such spending may occur from time to time. While we will consult with the applicable Regional Marketing Committee concerning our advertising and promotional activities in accordance with Section, we alone will direct all of our advertising programs and promotions with sole control over the creative concepts, materials and media used in the programs, and the placement and allocation of advertising. The Marketing Contributions may be used to meet any and all costs of administering, directing, preparing, placing and paying for global, national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, telemarketing and World Wide Web/Internet advertising and marketing campaigns and other public relations activities) and employing public relations firms and advertising agencies to assist in these activities, including fees to have print, broadcast or World Wide Web/Internet advertising placed by an agency and all other

advertising agency fees. We will also spend Marketing Contributions for directly related administrative expenses and overhead that we incur in activities related to the administration or direction of advertising and promotional programs and new Carnegie Program development and research including, without limitation, conducting market research; preparing marketing and advertising materials; working with public relations firms, advertising agencies, advertising placement services and creative talent; preparing and maintaining, and paying third parties for the preparation and maintenance of, World Wide Web pages and sites; other activities related to advertising and promotion via the Internet and/or other public computer networks; and, collecting and accounting for the Marketing Contributions. We will not spend the Marketing Contributions on our stationery or on international or other conventions. Any portion of Marketing Contributions we do not spend in the year in which they were collected will be carried over to the following year without any deduction for any state or federal income taxes that may be due by reason of the fact that all Marketing Contributions were not spent in the year they were collected.

We will contribute an amount equal to three percent (3%) of the Gross Revenues of our company-owned New York City Center of Excellence or other company or Affiliate owned or operated Carnegie Businesses to the aggregate of Marketing Contributions we collect from our franchisees. We have no obligation to contribute any more than that amount from any source including, without limitation, Monthly Royalties or other fees we receive from you or our other franchisees.

Upon your reasonable request, we will provide you with an annual statement reflecting our receipts and expenditures of aggregate Marketing Contributions.

11. INSURANCE

11.1. Required Insurance Coverage

A. We prescribe minimum standards and limits for certain types of required insurance coverage herein. We may modify the required minimum limits of insurance coverage from time to time. You purchase insurance conforming to the newly established standards and limits within 30 days following written notice to you of the change.

B. You must purchase and maintain in effect at all times during the term of this Agreement, the following categories and limits of insurance coverage in forms and through insurance companies that meet the standards in the Operations Manual:

1. Broad form comprehensive general liability coverage and broad form contractual liability coverage of at least \$1,000,000 per occurrence, \$2,000,000 general aggregate. This insurance may not have a deductible or self-insured retention of over \$5,000.
2. Automobile liability coverage, including coverage of owned (if operated in the business), non-owned and hired vehicles, with minimum limits of liability per vehicle in the greater of (i) the amount required by all applicable state and federal laws, or (ii) \$1,000,000 combined single limit for each person killed or injured, and for injury, destruction or loss of use of property of third persons as the result of any one accident.

3. A broad form Umbrella Policy of \$3,000,000 over the underlying automobile, workmen's compensation and general liability policies is also required.
 4. Fire and Extended Coverage Insurance on the Office and Training Facilities and property in an amount adequate to replace them in case of an insured loss.
 5. In connection with any construction, refurbishment or remodeling of the Office and/or Training Facilities, builders' and/or contractor's insurance (as applicable) and performance and completion bonds in forms and amounts acceptable to us.
 6. Insurance coverage that covers your indemnification hereunder of us and our Affiliates, the affiliates, successors, assigns and designees of each, and the respective directors, officers, employees, agents, shareholders, designees, contractors, representatives and attorneys of each (each an "Indemnity" and collectively the "Indemnities"), and as required by law.
- C. The insurance coverage you are required to acquire and maintain must:
1. Name us and our Affiliates as Additional Insureds.
 2. Contain provisions that state that the aggregate amounts of insurance will not be less than the above-stated limits at any time, and no provision preventing the assignment of any claim you may have against your insurers to any Indemnitee hereof making a claim against you.
 3. Be primary to and without right of contribution from any other insurance purchased by Indemnitees.
 4. Provide, by endorsement, that we are entitled to receive at least thirty (30) days' prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.
- D. You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without our prior written consent.

11.2. No Undertaking or Representation

The types and amounts of insurance required by this Section are minimums and nothing contained in this Agreement may be considered an undertaking or representation by us that the insurance that you are required to obtain will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of the Business. You are responsible for independently confirming that you have procured insurance in the types and amounts necessary to protect your Business.

11.3. Certificates of Insurance

You will promptly provide us with your current Policy Certificates of Insurance evidencing the required coverage no later than ten (10) days before the Commencement of Operation of the Business. You will renew all insurance policies and documents, and on renewal, furnish a renewal Policy Certificate of Insurance to us at least

thirty (30) days before the expiration date of the policy in question. We may at any time require you to forward to us full copies of all insurance policies.

12. RECORDS, AUDITS AND REPORTING REQUIREMENTS

12.1. Financial Statements and Business Plans

Within 120 days after your fiscal year end (or 150 days if your fiscal year end is on or about December 31st, you must furnish us, in a form explained in the Operations Manual, a statement of your Business's profit and loss for such year and a balance sheet as of the end of such year, reviewed by a certified public accountant and certified to be true and correct by you. As an alternative, you may furnish us with financial statements compiled by a certified public accountant and your most recent tax returns for your Business.

Your financial statements must be prepared in accordance with generally accepted accounting principles ("GAAP") of the United States of America, or if your Business is located in a jurisdiction outside of the United States of America, the equivalent thereof in such jurisdiction, including in each case all disclosures required under those principles.

You authorize us to incorporate in our Franchise Disclosure Document and/or promotional literature information derived from the above financial statements or tax returns, provided your individual data cannot be identified to your Business.

12.2. Financial Records and Audit

You must record all revenues received by your Business and all expenditures, keep and maintain adequate records of these revenues and expenditures, and maintain and preserve accurate books, records and tax returns, including related supporting material (such as cash receipts, and credit and charge records) and such other records or information as is in the Operations Manual, for your Business for at least three (3) years. We shall have the right to audit or cause to be audited the sales reports and financial statements that you are required to submit pursuant to this Agreement. If any such audit shall disclose an understatement of the Gross Revenues for any period or periods, you shall pay to us, within 15 days after receipt of the audit report, the understated Royalty together with interest thereon at the rate of 18% per year (or, if lower, the maximum rate of interest allowed by law), calculated from the date when such Royalty should have been paid to the date of actual payment. Further, if such understatement for any period or periods shall be 5% or more of the originally reported Gross Revenues for such period or periods, you shall reimburse us for the cost of such audit including, without limitation, the charges of any independent accountant, and the travel expenses, room, and board, and compensation of such accountant and of our employees.

13. COVENANTS

13.1. In-Term Covenant Not to Compete

You will not, during the Term of this Agreement, directly or indirectly engage in a Competitive Business as a proprietor, partner, investor, shareholder, member, director, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you will not divert any business that should be handled by your Business to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of

indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business.

Further, during the Term of this Agreement, neither you nor we will solicit for employment the personnel of the other or of any of our other franchisees or sponsors without permission of the other franchisees or sponsors.

You will use commercially reasonable efforts to cause your Franchisee Principal, Equity Owners, directors, officers, general partners (and shareholders, officers, directors and supervisory employees of the general partners), limited partners, members, proprietors and all beneficial owners (all as applicable), managers, supervisory employees and sales personnel to refrain from any of the competitive activities described above in any manner.

13.2. Post-Term Covenant Not to Compete

You will not, for a period of one (1) year immediately following the expiration or termination of this Agreement for any reason, directly or indirectly engage in any business that is a Competitive Business as of the date of termination as a proprietor, partner, investor, shareholder, member, director, officer, manager, employee, principal, agent, adviser, or consultant, if the other business is located within the Territory, within fifty (50) miles of the perimeter of the Territory, or within any Carnegie Business territory (whether company-owned (including a Center of Excellence), franchised, licensed or otherwise established and operated) or within fifty (50) miles of the perimeter thereof. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business. In addition, within such two (2) year period, you will not solicit clients and/or Carnegie Program participants of yours, ours, our Affiliates or of any of our other franchisees or sponsors.

Further, for two (2) years after the termination or expiration of this Agreement for any reason, you will not solicit for employment our personnel or personnel of our Affiliates or of any of our other franchisees or sponsors without our written permission.

You will cause your Franchisee Principal, Equity Owners, directors, officers, general partners (and shareholders, officers, directors and supervisory employees of the general partners), limited partners, members, proprietors and all beneficial owners (all as applicable), managers, supervisory employees and sales personnel to refrain from any of the competitive activities described above in any manner. This Section 13.2 will not apply to any business that is not a Competitive Business as of the termination date and it shall not be a violation of this Section 13.2 for any aforementioned party to engage in a business after termination that is not a Competitive Business as of the termination of this Agreement.

13.3. Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete in this Section 13 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and will not by necessity invalidate the entirety of the covenants. You expressly agree to be bound by any lesser covenant subsumed within the terms of this Section as if the resulting covenants were separately stated in and made a part of this Agreement.

13.4. Enforcement of Covenants Not To Compete

You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete in this Agreement. The covenants of are severable, and if any covenant is held invalid because of its duration, scope of area or activity, or any other reason, the parties intend and agree that such covenant will be adjusted or modified by the court to the extent necessary to cure that invalidity, and the modified covenant will thereafter be enforceable as if originally made in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement or any other agreement between you and us, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You will pay all costs and expenses, including reasonable attorneys' and experts' fees and disbursements, incurred by us in connection with the enforcement of the covenants not to compete in this Agreement. Notwithstanding the foregoing, we will be entitled to any other remedies available at law or in equity.

13.5. Procurement of Additional Covenants

You will require and obtain the execution of a Confidentiality/Non-Competition Agreement (Exhibit B) from all of the following persons: (i) before employment or any promotion, all managers, any personnel employed by you who have received or will receive training from us or from you (except Trainers and Trainer Candidates, as to which you will receive executed Trainer Candidate Contracts containing certain confidentiality and non-competition restrictions and covenants as in the Trainer Contract ("Trainer Confidentiality/Non-Competition Provisions")), sales personnel, and all your other management or supervisory employees; and (ii) if you are an entity Franchisee, the persons mentioned in (i) above, as well as the Franchisee Principal, all officers, directors, general partners, managers and members, and all Equity Owners who own more than ten percent (10%) of the Franchisee, and all at the same time as the execution of this Agreement (or at such later time as they assume such status); and (iii) all of the persons enumerated in the covenants not to compete in this Agreement as intended to be embraced by them. You will furnish us with copies of all executed Confidentiality/Non-Competition Agreements within ten (10) days following their execution.

13.6. Franchisee's Enforcement of Confidentiality/Non-Competition Agreements and Trainer Candidate Contracts

You will use commercially reasonable efforts to (a) seek compliance with each Confidentiality/Non-Competition Agreement and/or the Trainer Confidentiality/Non-Competition provisions of any Trainer Candidate Contract executed by any of the individuals referenced in Section 13.5, and (b) prevent the use of Confidential Information by any of your employees who have not signed any such agreement. These efforts shall include sending written notice of the breach to the breaching party directing such party to cease and desist such breach and such further steps as you shall reasonably elect to take, considering the applicable law in the Territory, the materiality of the breach, the likelihood of success, and the legal and other related costs associated with such additional efforts.

13.7. Commitment to Business

You will devote your best efforts and adequate capital resources to the management and operation of your Business, devote the amount of your time that is necessary for the proper and effective operation of your Business, manage the day-to-day operation of your Business, actively promote and sell Carnegie Programs and use your primary and best efforts to cultivate, develop and expand the market for the Carnegie System within the Territory.

14. TRANSFER; RIGHT OF FIRST REFUSAL

14.1. Transfer By Franchisee – General

A. Your obligations under this Agreement are personal, and we have entered into this Agreement in reliance on and in consideration of your or your representative's singular personal skills and qualifications and the trust and confidentiality that we repose in you. Therefore, except as provided below, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Business will assign, sell, transfer, convey, give away, pledge, encumber, merge, sublicense, or divide (collectively, "Transfer") this Agreement, any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Business, in any manner, without obtaining our prior written consent in accordance with this Section 14. Any actual or attempted transfer not having our prior written consent will be null and void and will constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure.

B. Your executor, heir or legal representative (or the entity Franchisee) must apply for our consent to a Transfer and satisfy all of the other conditions applicable to a Transfer within sixty (60) days following your death or Incapacity, if an individual, or the death or Incapacity of a principal owner, partner or member of an entity Franchisee.

14.2. Transfers By Franchisee -- Requirements

A. We reserve the right to deny but will not unreasonably withhold, condition, or delay our consent to a Transfer, and we may, in our sole discretion, require any or all of the following as conditions of such consent:

1. That you comply with the right of first refusal provisions of Section 14.3.
2. That, if the transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in an entity Franchisee, or substantially all of the assets of the Business, then you agree to sell your Customer List in a complete, legible, well organized form (as in the Operations Manual) to the transferee.
3. That the proposed transferee (or the principal representative(s) of an entity transferee) demonstrates the skills, qualifications, ethics, moral values and economic resources necessary, in our reasonable judgment, to conduct the Business contemplated by this Agreement, and to fulfill his/her obligations to the transferor.
4. That, if the transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in an entity Franchisee, or substantially all of the assets of the Business, (a) the proposed transferee and any other person that we require each attend and successfully complete our Franchise Academy before the transfer, and any other training that we reasonably require, at the transferee's expense (which will include a training fee and the cost of the trainees'

transportation to any training, lodging, food and other living expenses), and (b) then the transferee executes our then current Franchise Agreement.

5. That, as of the date of the transfer, the transferor has (a) cured any existing defaults under any provision of this Agreement and any other agreement with us or our Affiliates and (b) has fully satisfied all of its accrued monetary and other obligations to us and our Affiliates under this Agreement and any other agreement with us or our Affiliates.

6. The transferee shall sign our then-current Franchise Agreement the terms of which may differ entirely from the terms of this Agreement, including, without limitation, such material terms the Annual Minimum Production; the Royalty; the Marketing Contribution; other fees; the Minimum Territory Development Expenditure; and the rights, duties, limitations and responsibilities afforded or imposed under said new Franchise Agreement. Notwithstanding the foregoing, the boundaries of the Territory shall remain the same, however we may, in our reasonable discretion, choose to divide the Territory into two or more commercially viable territories, each of which will have a separate franchise agreement and a Revenue Target of not less than \$500,000 US. Factors we may consider in the decision to divide the Territory include, without limitation, whether your Gross Revenues in the Territory are concentrated such that a commercially viable portion of the Territory is under served, whether the Territory is comprised of two or more commercially viable portions with different demographic characteristics and whether the Territory can be effectively and efficiently divided geographically.

7. The transferee shall pay the then-current initial franchise fee, provided that, certain transferees will receive discounts on the then-current initial franchise fee as follows: (i) current Franchisee employees for at least the last 3 consecutive years before such transfer who own less than 10% of the Business will receive a 50% discount; (ii) current Equity Partners for at least the last 3 consecutive years who own 10% or more of the Business will receive a 75% discount; (iii) children of the transferor who have worked in a sales or training capacity for the franchise for at least the last 3 consecutive years will receive a 75% discount; and (iv) a spouse of the transferor will receive a 90% discount, if such spouse maintains an active role in the management of the business. The execution of the new Franchise Agreement will terminate this Agreement, except for the post-termination, post-expiration, and indemnification provisions under this Agreement and any other provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration of this Agreement.

8. That, if the transfer, alone or together with other previous, simultaneous, or proposed transfers, would result in the proposed transferee owning a ten percent (10%) interest or more in an entity Franchisee, then the proposed transferee executes a Guarantee in the form of Exhibit D.

9. That we and the transferor execute a General Release in the form of Exhibit E ("General Release-Assignment").

10. That if the transferee is an entity, such entity has provided corporate organizational documents, a then-current certificate of good standing from its registered jurisdiction and Guarantees have been executed by shareholders, general partners, members and proprietors (as applicable) of the transferee.

11. That you submit to us, at least sixty (60) days before any proposed transfer, a copy of the proposed contract of transfer (and any related agreements) and any additional information that we reasonably request and, promptly following execution, a copy of the executed contract of transfer (and any related agreements).

12. That you or the transferee, at your or its expense, upgrade the Office and Training Facilities so as to be in a condition acceptable to us.

13. That the transferor will remain liable for all the obligations to us arising out of or related to this Agreement before the effective date of the transfer, and execute all instruments reasonably requested by us to evidence this liability.

14. That the transferor complies with the terms of the post-term covenant not to compete, commencing on the effective date of the transfer.

15. The transferor shall have no further rights under this Agreement or in the Business after the date of Transfer and no rights in or to this Agreement or the Business shall be collateral for the Transfer. Our right to collect payments from transferee, as required by the Franchise Agreement, shall be superior to Your right to receive payments in satisfaction of amounts owed for the Transfer.

16. That you agree that our right to receive from the transferee all Royalty payments, Marketing Contributions, payments for Materials, and any other payments required under this Agreement (if assigned to the transferee) or under any new Franchise Agreement executed by the transferee in connection with the transfer will be superior to your right to receive payments from the transferee in satisfaction of any amounts owed to you by the transferee as a result of the transfer, and that you execute such documents as may be required by us to evidence the superiority of our right to receive such payments.

B. Our consent to a transfer will not constitute our consent to the transfer of any other agreement between us and you.

C. You will defend at your own cost and indemnify and hold harmless us, our parent (if any), and the corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, employees, agents, attorneys, shareholders, designees and representatives of each, from and against any and all losses, costs, expenses (including attorneys' and experts' fees and disbursements), court costs, travel and lodging costs, personnel costs, claims, demands, damages, liabilities, however caused (whether or not any of the same are reduced to judgment), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by you or any transferor to any proposed transferee, or any claim that you or the transferor engaged in fraud, deceit, violation of franchise or license laws or other illegality in connection with the negotiations leading to the consummation of the transfer.

14.3. Right of First Refusal

Your right (and the right of any party holding any direct or indirect interest in this Agreement, in an entity Franchisee, or in all or substantially all of the assets of the Business) to make any transfer will be subject to our right of first refusal as follows:

A. Our right of first refusal will only apply if the transfer, either alone or together with other previous, simultaneous, or then proposed transfers would have the effect of transferring this Agreement, a controlling interest in an entity Franchisee, or substantially all of the assets of the Business.

B. You will deliver to us a true and complete copy of the proposed transferee's offer (the "Offer Notice") at least sixty (60) days before the proposed transfer date and furnish to us any additional information concerning the proposed transaction and the proposed transferee that we reasonably request.

C. Within thirty (30) days after our receipt of the Offer Notice (or, if we reasonably request additional information, within thirty (30) days after receipt of the additional information), we may at our option, accept the transfer to ourselves or to our nominee, on the terms and conditions specified in the Offer Notice (but we will be

entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and your contingent and other liabilities affecting the assets). We also may meet with you and the proposed transferee during this period without impairing our right of first refusal.

D. Our credit will be deemed equal to the credit of any proposed transferee. We may substitute cash in the fair market value (to be determined by appraisal if we cannot agree) of any non-cash consideration offered by the transferee.

E. We will be given at least sixty (60) days after notifying you of our election to exercise our right of first refusal to close the transaction.

F. If we elect not to exercise our right of first refusal and consent to the proposed transfer, then the transferor will, subject to the provisions of this Section, be free to make a transfer to the proposed transferee on the terms and conditions specified in the Offer Notice. If, however, the terms are changed, the changed terms will be deemed a new offer, and we will have a right of first refusal with respect to this new offer.

G. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we do not exercise our right of first refusal, this will not constitute approval of the proposed transferee or the transaction itself.

14.4. No Encumbrance

You (and any party holding an ownership interest in an entity Franchisee) will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement, the Business, the Office, any Training Facility or you if you are an entity Franchisee, in any manner without our prior written permission, provided that we shall not unreasonably withhold, condition or delay our consent with respect to the encumbrance of furniture, fixtures and equipment not containing the Marks or Confidential Information.

14.5. Compliance with Law

You understand that offers and sales of your Business may be regulated by federal and/or state laws, rules and regulations (including, for example, laws that require you to deliver a franchise disclosure document or other disclosure document to a potential transferee) and that you must comply with all such laws, rules and regulations and any procedures concerning such compliance.

14.6. Transfers By Us

We may transfer our interests, rights and/or obligations in and under this Agreement at our discretion. You agree that we may sell ourselves, our assets, our Marks and/or the Carnegie System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge with or acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, subject to the reimbursement of brand conversion cost provisions of Section 4.8, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks (or any variation thereof) and the Carnegie System and/or the loss of association with or identification of "Dale Carnegie &

Associates, Inc.” as franchisor and/or licensor under this Agreement. You also expressly and specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing.

15. RELATIONSHIP OF THE PARTIES

A. You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. You will identify yourself as our franchisee, but not our agent.

B. You may not, without our prior written approval, obligate us for any expenses, liabilities or other obligations. We may not control or have access to your funds or the expenditure of your funds, or in any other way exercise dominion or control over your Business. Neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us is other than that of franchisor/licensor/vendor and franchisee/licensee/vendee. We do not assume any liability, and will not be deemed liable, for any agreements, representations or warranties made by you. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of your Business.

C. On all marketing, sales, advertising and promotional materials, you will identify yourself by your Trade Name and include the phrase “An Independently-owned Franchise”, provide the address, telephone number and web site of your Carnegie Office and comply with all standards and restrictions in the Operations Manual. These items would include, but not be limited to, business cards, brochures, flyers, proposals, any media advertising placed and mailing pieces used within the Territory.

D. Using the phrase “An Independently-owned Franchise”, you will identify yourself, your Office and all Training Facilities as our independent franchisee/licensee for any and all transactions and documents which legally obligate you or your Business, such as leases, training contracts, purchase orders or employment agreements. You will also place this notice of independent ownership on a wall plaque and on all your accounting and banking documentation, including, but not limited to, invoices, monthly client statements and business checks. You will not expressly or impliedly represent that any Carnegie Program that is promoted, offered, organized or conducted by you is promoted, offered, organized or conducted by us.

E. With regard to your employees, we do not have the right to and will not participate in the hiring, firing, promotion, demotion or disciplinary decisions, supervision of the work to be performed, payment of wages or other compensation, provision of benefits, tools or equipment, or any other function typically reserved for an employer. Our Trainer certification requirements, periodic inspections of the Business and other measures we take for the purpose of assuring quality control of the Carnegie System will not be deemed to make us a joint employer of your employees. You will clearly communicate in a writing, signed by your employees, that you are their sole employer and that we do not employ them in any capacity.

16. DEFAULT AND REMEDIES

Any default of this Agreement, if not cured within the number of days specified by this Agreement or a Notice of Default, will be deemed an “Event of Default,” for which we will be entitled to exercise all remedies available under this Agreement, at law or in equity, including, without limitation, termination of the Agreement and your franchise.

16.1. Termination By Us – Automatic Termination Without Notice

You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if: you or your Business is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you or your Business and is not dismissed within sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, your Business or assets consented to by you or is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state, federal or foreign law are instituted by or against you or your Business; you are dissolved; or, the real or personal property of your Business is sold after levy thereon by any governmental body.

16.2. Termination By Us Upon Notice – No Opportunity To Cure

You will have materially breached this Agreement and we may, at our option, in addition to any other remedies stated herein, terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the breach, effective immediately upon your effective receipt of notice 4 upon the occurrence of any of the following events:

A. You do not offer (i) a Dale Carnegie Course within 120 days after the Effective Date or (ii) another Core Program within 365 days after the Effective Date.

B. You fail to offer any Carnegie Programs for a period of 365 consecutive days during the Term, unless due to casualty, condemnation or force majeure.

C. You omitted or misrepresented any material fact in the information you furnished to us in connection with our decision to enter into this Agreement.

D. You do not pay any Royalty, Marketing Contribution, software support fee, payment for Materials or other amounts due to us or our Affiliates, within ten (10) calendar days following receipt by you of written notice that the fees or payments are overdue.

E. You (or, if you are an entity Franchisee, any principal of yours) is formally charged by legal authorities with a felony, fraud, crime involving moral turpitude, or commit any other crime or non-criminal offense which is related to your operation of the Business, or is likely to have an adverse effect on the Carnegie System, the Marks, the goodwill associated with the Marks or our interest in the Carnegie System or Marks.

F. You (or, if you are an entity Franchisee, any principal of yours) purports to transfer this Agreement, any rights or obligations under this Agreement, or any interest in you (if you are an entity Franchisee) or the Business to any third party in violation of the terms of this Agreement.

G. We determine, in our sole discretion, that you and your designee(s) have failed to attend or successfully complete our Franchise Academy.

H. You conceal revenues; knowingly maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, knowingly submit any substantially false report to us.

I. We cause an audit to be made for any period and the Gross Revenues as shown by your monthly statements submitted to us are found to be understated by an amount greater than five percent (5%) for any three (3) month period within the period of examination and/or for the entire period of examination.

J. You refuse us permission to inspect and/or to conduct an operational and/or financial audit of the Business, Office, Training Facilities, any other facilities from which the Business is conducted and/or Carnegie Programs are offered or conducted, or books, records, and other documents as required by this Agreement.

K. You fail to attend three consecutive Conventions without good cause, in our sole judgment.

L. After curing a default you commit the same act of default again within six (6) months of the first act of default.

M. You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding any matter involving or affecting the operation of the Business, the Office or Training Facilities or other facilities at which you conduct Carnegie Programs.

N. You do not comply, take action to comply with or challenge, for a period of ten (10) days after notification by either us or any governmental authority of non compliance, with any federal, state, local or other law or regulation applicable to the operation of the Business in the Territory, the Office or Training Facilities or other facilities at which you conduct Carnegie Programs.

O. You make any use of the Marks not authorized under this Agreement if we reasonably believe such use will cause harm to the goodwill of the Marks, the Carnegie System or the Carnegie Programs, provided that, after expiration of the applicable cure period we may still terminate the Agreement for such unauthorized use of the Marks which does not cause harm to the goodwill of the Marks, the Carnegie System or the Carnegie Programs.

P. You do not cure any default under this Agreement which materially impairs the goodwill associated with our Marks, the Carnegie System and/or the Carnegie Programs following delivery of written notice to cure at least seventy two (72) hours in advance.

Q. You operate the Business outside of the Territory except as explicitly authorized by us or the Global Accounts Steering Committee and, whether or not such default was corrected, you commit the same act of default again at any time during the Term of this Agreement.

R. You violate the restrictions pertaining to the use of Confidential Information.

S. You permit any person who is not a certified Trainer for any of the Carnegie Programs to conduct a Carnegie Program.

16.3. Termination by Us – Ten Days to Cure

You will have ten (10) calendar days after the effective receipt (under Section 21) of a written notice of default (a “Notice of Default”) to remedy any of the defaults in this Section 16.3, and to provide evidence showing such remedy. If the default described in such Notice of Default is not cured within that time or any longer period

that applicable law may require, this Agreement will terminate immediately upon expiration of the ten (10) day period, or any longer period required by applicable law.

A. You permit any certified Trainer to conduct a Carnegie Program for which she has not been certified to deliver. You will pay to Us the entire revenue collected for the program conducted by the unauthorized Trainer and offer to the client or clients in such class (i) a refund of amounts paid for such unauthorized training or (ii) enrollment, without charge, in such program taught by an authorized Trainer.

B. You do not submit a Monthly Report or other required report or maintain the financial and other records required by this Agreement.

C. You offer or sell as part of the Business any unapproved service, product or program.

D. You conduct a Carnegie Program outside the Territory without the express written consent of the Global Accounts Steering Committee. In such event, you will pay to the franchisee of such territory in which you conducted the program the entire revenue of such program, or if there is no franchisee in such territory you shall remit such amount to us to be used for marketing, advertising and promotion of the Carnegie System.

E. You do not purchase or maintain any insurance required by this Agreement and/or by any federal, state, local or other laws, rules, regulations or requirements regarding insurance (or otherwise do not comply with such laws, rules, regulations or requirements).

F. You engage in unauthorized use of the Marks which does not cause harm to the goodwill of the Marks, the Carnegie System or the Carnegie Programs.

16.4. Termination by Us – Failure to Achieve Annual Minimum Production

A. Failure to Meet Annual Minimum Production

1. If you default on your obligation to achieve your Annual Minimum Production, in any Fiscal Year during the Term, we will send a Notice of Default to you within sixty (60) days after the end of our Fiscal Year, which notify you of your failure to meet your Annual Minimum Production. Within 30 days after your receipt of such Notice of Default, you will be required to present us with a report detailing your operational deficiencies and strategies to correct such deficiencies, areas of potential improvement and generally describing the steps you will take for growing the franchise to reach or exceed the Annual Minimum Production (the “Action Plan”). We will provide a written response to your Action Plan within 15 days following our receipt.
2. If you default in your obligation to achieve your Annual Minimum Production two times within a period of five Fiscal Years or in three Fiscal Years during the Term, then we, in our sole discretion, may require you to sell your franchise within six (6) months from the date of such second or third Notice of Default, respectively, or any longer period required by applicable law in the Territory. If you are unable to sell the franchise within the six (6) month period, then we will send you a written notice of termination and the Territory will revert to us, and you will comply with your obligations in accordance with Section 17 below.

B. No Aggregate Revenue

If you hold two or more separate agreements for other territories, you cannot claim aggregate revenues to attain overall cumulative Annual Minimum Production. Each Franchise Agreement's Annual Minimum Production must be attained separately and individually from any and all other Agreement(s) you may hold.

16.5. Termination by Us and Franchisee Thirty Days to Cure

Except as otherwise provided in this Agreement, we and you will have thirty (30) calendar days after the effective receipt (under Section 21) of a Notice of Default to remedy any default under this Agreement (or, if the default cannot reasonably be cured within this period, to initiate action to cure the default within that time), and to provide evidence showing such remedy (or initiation of action to remedy). If you do not cure the default described in such Notice of Default within that time (or, if appropriate, begin action to cure the default within that time) or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the thirty (30) day period, or any longer period required by applicable law without the requirement of further notice.

You will be in default of this Agreement for any failure to substantially comply with any of the material requirements imposed upon you by this Agreement, as it may from time to time be supplemented by the Operations Manual. If you violate the covenant not to compete during the term of this Agreement, whether or not you cure such violation, in addition to any other rights and remedies we may have under the Agreement, at law or in equity, you will pay us liquidated damages of twelve percent (12%) of the Gross Revenues you receive from the business you conduct in violation of such covenant.

16.6. Voluntary Termination By Franchisee

Upon one (1) year's written notice to us of your election to do so, you may voluntarily terminate this Agreement for any reason. One (1) year after our effective receipt of such a notice, this Agreement will terminate, subject to the provisions of this Agreement which by their nature survive termination, including, without limitation, the post termination, post-expiration and indemnification provisions hereof. During the one (1) year period between the time you give us a notice under this Section and the termination of this Agreement pursuant thereto, all of the terms and conditions of this Agreement will remain in full force and effect. If you elect to terminate this Agreement pursuant to this Section, you will fully cooperate with our efforts to market and sell the Territory to a new franchisee and ensure an orderly transition of the Territory to such new franchisee.

16.7. Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement requires that our rights of termination under this Agreement be limited or requires longer notice or cure periods than those set forth above, then this Agreement will be deemed modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations.

16.8. Liquidated Damages

1.01 In the event that you fail to comply with the requirements of Sections 8.12, 8.13, 8.15 or 10.1, commencing 10 days following written notice from us, specifying in detail the nature of your default, you will pay us the sum of \$50 per day, as liquidated damages and not as a penalty, until you have notified us that such default has been cured. You and we agree that the injury caused to us by your breach of any of the foregoing provisions would be difficult or impossible to accurately estimate, and that the above method of calculating liquidated damages is a reasonable estimate of our probable loss from your breach. However, in the event you have a reasonable, good faith belief that all or any of the liquidated damages should not be imposed, you may apply for relief from the Board of Conduct, as the same is defined in Section 23.7 B. of this Agreement.

A. If after the termination of this Agreement, you fail to comply with the provisions of Section 17 within five (5) business days after written notice to do so, you shall pay to us within 30 days after the date of such notice, as liquidated damages for your failure to comply with the provisions of Section 17, and not as a penalty, an amount equal to 12 times the average monthly Royalty payable over the last 24 months of the Term or the entire Term, whichever is the shorter period.

16.9. Default by Us

We will be in default of this Agreement if we fail to meet our obligations under Section 7 of this Agreement. We will have thirty (30) calendar days to cure any such default after the effective receipt of a Notice of Default.

16.10. Injunction

You agree that any unauthorized or improper use of the Carnegie System or the Marks, the disclosure of any Confidential Information or violation of the Non-Competition provisions of this Agreement will cause irreparable damage to us and our other franchisees and sponsors. You therefore agree that if you engage in unauthorized and/or improper use of the Carnegie System or the Marks, or we have a reasonable belief that you have or will disclose Confidential Information or violate the Non-Competition provisions of this Agreement, during or after the Term of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have in this Agreement, at law or in equity. You consent to the entry of these temporary and permanent injunctions. In addition to consenting to injunctive relief, you will pay to us liquidated damages equal to the Gross Revenues you receive from any unauthorized or improper use of the Carnegie System of the Marks or disclosure of such Confidential Information, regardless of whether or not you cure such conduct.

17. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION

If this Agreement expires or terminates for any reason, or is assigned by you, you will cease to be our authorized franchisee/licensee and all rights under this Agreement to the use of our Marks, the Carnegie System, all Confidential Information and know how owned by us and any goodwill (including "local goodwill") engendered by the use of our Marks and/or attributed to your conduct of the Business reverts to us. Upon expiration or earlier termination of this Agreement for whatever reason, or upon transfer of this Agreement, you must:

A. Pay all sums due and owing to us or our Affiliates, plus interest thereon (if applicable).

B. Discontinue use of the Marks, and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a Carnegie Business (except under another valid Agreement with us).

C. Promptly cancel any assumed name or equivalent registration owned or used by you or the Business which contains the Marks "DALE CARNEGIE" and/or "DALE CARNEGIE TRAINING," or any of our other Marks or variants thereof. If you fail or refuse to do so, we may, in your name, on your behalf and at your expense, execute all documents necessary to cause such cancellation and discontinuance and you irrevocably appoint us as your attorney in-fact to do so.

D. Not publicize in any educational or business activity your previous relationship with us, the Carnegie System and/or the Carnegie Programs, except in a resume used specifically for the purpose of obtaining full or part-time personal employment (but not in furtherance of your own business).

E. Promptly deliver to us all training or other manuals we furnished to you (including the Operations Manual), computer software and database material, Customer Lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear our Marks or slogans or insignias or designs, advertising contracts, forms and our other materials or property, and any copies of them in your possession which relate to the operation of the Business. You may retain no copy or record of any of these items, except for your copy of this Agreement, any correspondence between us and any other documents which you reasonably need for compliance with any provision of law. You agree that the foregoing items, materials, lists, files, software and other similar items will be deemed to be our property for all purposes. We will purchase from you, at their then-current market price (as we will determine) less a ten percent (10%) restocking fee, all unused, packaged and currently usable or saleable Materials (if any) in your possession that you purchased from us.

F. Promptly execute all agreements necessary to effectuate the termination.

G. Cease using the telephone numbers you used in the operation of the Business or, at our option, direct the telephone company to transfer those telephone numbers to us or to any other person and location that we direct. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to do so.

H. Strictly comply with the post termination/post-expiration covenants not to compete in Section 13 of this Agreement.

I. Continue to abide by those restrictions pertaining to the use of our Confidential Information in Section 4.5 of this Agreement.

J. Surrender to us all computer software, data storage disks or tapes and other electronic media used in the operation of the Business containing Confidential Information, and printouts, and other information pertaining to computer operations, codes, procedures and programming containing Confidential Information. You will not destroy, damage, hide or take any steps to prevent us from obtaining any information which you had stored in the computer system of the Business. You will not retain any printouts, disks or tapes containing any of the programs or data stored in the computer system which contain Confidential Information.

K. Irrevocably assign and transfer to us or its designee any and all interests you may have in any Web Site(s) maintained by you in connection with the Business and in the domain name(s), home page address(es), and URL(s) related to such Web Site(s). You will execute any documents and perform any other actions required by us to effectuate such assignment and transfer and otherwise ensure that all rights in such Web Site(s) revert to us or

its designee. At any time after the expiration or termination of this Agreement for whatever reason, or upon transfer of this Agreement, you may not identify yourself on any Web site as a former franchisee of us, and you may not establish any Web site using a domain name, home page address, and/or URL confusingly similar to the domain name(s), home page address(es), or URL(s) related to the Web Site(s) maintained by you in connection with the Business.

L. Cooperate with us and any successor franchisee of ours in effectuating the foregoing.

The expiration or termination of this Agreement will be without prejudice to either party's rights against the other, and will not relieve either party of any of its obligations to the other at the time of expiration or termination, or terminate either party's obligations which by their nature survive the expiration or termination of this Agreement.

18. WAIVER AND DELAY

No forbearance, neglect, waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any other breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

19. PROCEDURE FOR OBTAINING OUR PRIOR WRITTEN APPROVAL; OUR WITHHOLDING OF CONSENT - FRANCHISEE'S EXCLUSIVE REMEDY

In any case where you are required to obtain our approval to perform an act under this Agreement, you will follow the procedures for obtaining that approval as will be in the Operations Manual. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. Your sole remedy for any such claim or assertion will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

20. NO ORAL MODIFICATION

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. You expressly acknowledge that no oral promises or declarations were made to you and that our obligations are confined exclusively to the terms in this Agreement. You understand and assume the business risks inherent in this enterprise. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

21. NOTICES

Any notice required or permitted to be given under this Agreement will be (i) in writing in the English language, (ii) delivered to the other party at the address listed in the Reference Provisions personally, by registered or certified mail (return receipt requested, postage prepaid) or by documented overnight delivery with a reputable carrier, and (iii) deemed given and effective in each such case upon the earlier of (1) the date that delivery is documented to have been first attempted and (2) (A) upon receipt if personally delivered, (B) on the fifth day after

the date of mailing as set forth on the receipt of certified or registered mailing, if sent by certified or registered mail, or (C) on the date delivered by a reputable overnight carrier service as set forth on its record of delivery, if sent by overnight delivery service.

22. MISCELLANEOUS

22.1. English Language

All documents and information required or permitted to be sent to us by you under this Agreement will be in the English language, except as otherwise required by law.

22.2. Electronic Communications

All documents and information required to be electronically transmitted to us by you under this Agreement will be transmitted via such means as may be specified in this Agreement or the Operations Manual or subject to applicable law.

22.3. Construction and Interpretation; Further Acts

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. This Agreement is a plain expression of the commitments made by each of us, and the language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid. Since the words “Franchisee” or “you” in this Agreement may be applicable to one or more parties, the singular will include the plural, the neuter will include the masculine and feminine, and the masculine will include the feminine and neuter. If more than one party or person is referred to as “Franchisee” or “you” under this Agreement, then their obligations and liabilities under this Agreement will be joint and several. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

22.4. Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be modified and limited only to the extent necessary to bring it within the requirement of the law. If any provision of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties will be bound by and perform this Agreement as so modified.

22.5. Force Majeure; Unavoidable Delays

Delays in our or your performance of any duties hereunder by reason of Force Majeure will not cause a default hereunder by us or you, as applicable, and the time for performance of such duties will be extended for the period of such delay or for such other longer, reasonable period of time as you and we will agree to in writing; provided, however, that the party affected by such delay will have notified the other in writing promptly of the occurrence of any such force majeure. Notwithstanding the foregoing, this provision shall not apply to late payments under this Agreement.

23. ATTORNEYS' FEES; GOVERNING LAW; VENUE; PUNITIVE AND OTHER DAMAGES

23.1. Attorneys' Fees

If either party brings an action against the other to enforce this Agreement, or arising from this Agreement, any related agreement or your operation of the Business, the prevailing party in that proceeding shall be entitled to reimbursement of its reasonable costs and expenses, including without limitation, its reasonable accountants', attorneys' and expert witness fees, and other related expenses. In the event that any court or arbitration proceeding commenced by a party to this Agreement is dismissed voluntarily or involuntarily other than in connection with a negotiated settlement, the party that initiated the proceeding shall be deemed the non-prevailing party for purposes of this prevailing party attorneys' fees provision. In the event of a settlement, the parties shall address the issue of payment of attorneys' fees in their settlement agreement; provided that each party shall be responsible for its own costs if they fail to do so. This provision will not apply if the prevailing party rejected a written settlement offer that exceeds the prevailing party's recovery in a court or arbitration proceeding.

23.2. Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the law of the State of New York, and if the Business is located outside of New York and the provision would be enforceable under the laws of the state or country in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state or country. Nothing in this Section 23.2 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise be required to apply.

23.3. Anti-Terrorism Law

- A. Franchisee, to the best of its knowledge, represents and warrants us as follows:
 - 1. Neither you, nor your affiliates or any of their respective agents (collectively, the "Franchisee Parties") is in violation of any law relating to terrorism or money laundering, including, but not limited to, the USA Patriot Act of 2001 (the "Patriot Act"), Executive Order No. 13224 on Terrorist Financing, the U.S Bank Secrecy Act, as amended by the Patriot Act, the Trading with the Enemy Act, the International Emergency Economic Powers Act and all regulations promulgated thereunder, all as amended from time to time (collectively, "Anti-Terrorism Law").

2. No action, proceeding, investigation, charge, claim, report, or notice has been filed, commenced, or threatened against any of the Franchisee Parties alleging any violation of any Anti-Terrorism Law.
 3. None of the Franchisee Parties has, after due inquiry, knowledge of any fact, event, circumstance, situation or condition which could reasonably be expected to result in any action, proceeding, investigation, charge, claim, report, notice or penalty being filed, commenced, threatened or imposed against any of them relating to any violation of or failure to comply with any Anti-Terrorism Law.
 4. None of the Franchisee Parties is a "Prohibited Person". A Prohibited Person means any of the following:
 - a. A person or entity that is "specially designated" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control or which is owned, controlled by or acting for or on behalf of any such person or entity;
 - b. A person or entity with whom we are prohibited from dealing by any Anti-Terrorism Law; or
 - c. A person or entity that commits, threatens, or conspires to commit or supports "terrorism", as defined in any Anti-Terrorism Law.
 5. None of the Franchisee Parties:
 - a. Conducts any business or transactions or makes or receives any contribution of funds, goods, or services in violation of any Anti-Terrorism Law; or
 - b. Engages in or conspires to engage in any transaction that evades or avoids, has the purpose of evading or avoiding or attempts to violate any of the prohibitions of any Anti-Terrorism Law.
- B. Franchisee covenants that it will not knowingly:
1. Conduct any business or transaction or make or receive any contribution of funds, goods, or services in violation of any Anti-Terrorism Law;
 2. Engage in or conspire to engage in any transaction that evades or avoids, has the purpose of evading or avoiding or attempts to violate any of the prohibitions of any Anti-Terrorism Law.
- C. Franchisee agrees promptly to deliver within ten (10) days of our written request any certification or other evidence requested from time to time by us, in our reasonable discretion, confirming Franchisee's compliance with the foregoing.

23.4. Venue

Any litigation arising out of or related to this Agreement; any breach of this Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, will be instituted exclusively in (i) any federal court of competent jurisdiction if there will be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court situated within the boundaries of either the Southern or Eastern Districts of the State of New York. You hereby irrevocably consent to the personal jurisdiction of all such courts. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by any federal or state court of competent jurisdiction situated within the boundaries of either the Southern or Eastern Districts of the State of New York. You hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

23.5. Punitive and Other Damages

In no event will we or you be liable to the other in any action or proceeding arising out of or relating to this Agreement, including any breach, termination, cancellation or non-renewal of this Agreement or, in any other action or proceeding whatsoever between the parties to this Agreement and/or any of their affiliates, for punitive damages or damages allegedly arising out of the loss of prospective profits. You and we hereby waive and covenant never to advance any such claim for damages.

23.6. Franchisee Association.

A. We agree to treat the Franchisee Association as an entity endorsed by us and we will fully disclose the name, address, telephone number, email address, Web address and other contact information of the Franchisee Association in Item 20 of each Franchise Disclosure Document issued by us. We agree to encourage all franchisees to become members of the Franchisee Association, provided membership is open to any franchisee in good standing that complies with the bylaws of the Franchisee Association. On a yearly basis, we will provide to the Franchisee Association contact information (name, address, telephone number and email address) and Gross Revenues for all franchisees of the Carnegie System. By signing this Franchise Agreement, you consent to our providing this information to the Franchisee Association.

B. We will consult and collaborate periodically with elected representatives of the Franchisee Association on matters of concern to us and our franchisees, including, without limitation, customer relationships, standards and operating procedures, advertising and marketing, sourcing, technology, regulatory matters, training and program development and waiver of royalties in relation to specific services and/or programs. In addition, we will so consult with no more than four separate regional associations representing franchisees' interests in the following regions: (i) North America, (ii) Europe, Middle East, Africa ("EMEA"), Asia and Pacific ("APAC") and Latin America (or any combination thereof), if our franchisees and the Franchisee Association choose to restructure or divide into such separate associations and such associations represent a majority of our franchisees in the geographical areas being covered, are open to membership by any franchisee in good standing.

C. With respect to our consultation collaboration regarding our role in sourcing, we will seek to minimize franchisees' costs consistent with assuring a consistent source of supply of quality materials that meet applicable Carnegie System requirements; however, you acknowledge and agree that we have the right to receive a commercially reasonable profit on the same.

23.7. Committees.

We will regularly consult and collaborate with at least the following committees: (i) Global Account Steering Committee; (ii) Strategic/Preferred Accounts Committee; (iii) Board of Conduct; (iv) Operating Standards Committee; and (v) Regional Marketing Committees. Except as provided below, each such committee shall be comprised of not more than three (3) representatives selected by the Franchisee Association and not more than four (4) representatives we select. We shall have the right to appoint the chair of each such committee. In the event that any such committee does not achieve a consensus on any issue, the decision of committee will be made by simple majority vote after reasonable notice to all representatives, provided that such consensus shall be advisory in nature and we reserve the right to make a final determination in any such matter. By agreement between us and the Franchisee Association, the number of committees may be changed, the jurisdiction of committees may be adjusted and subcommittees may be formed.

A. Global Account Steering Committee. The Global Account Steering Committee will be established to provide guidance regarding the design, planning and implementation of all Enterprise Wide Accounts, the Train the Trainer Program, and the Strategic/Preferred Accounts Program. We shall have the right to appoint the chair of this committee. This committee will also receive, consider and then approve or disapprove applications of franchisees to participate in Enterprise Wide Accounts. This committee will also be responsible for reviewing and monitoring the invoicing, revenue collection and all disbursements, pursuant to Strategic/Preferred Accounts Contracts. This committee will also be responsible for reviewing and monitoring the invoicing, revenue collection and all disbursements, pursuant to Enterprise Wide Accounts. Our representatives on this committee shall include our most senior executive responsible for Enterprise Wide Accounts.

B. Board of Conduct. The Board of Conduct shall be established to review violations of the Code of Conduct (as stated in the Operations Manual) by franchisees and disputes or disagreements between two or more franchisees, relating to how we serve our customers. The Board of Conduct will be comprised of five (5) members assigned by the Franchisee Association, including at least one member each from North America, EMEA, APAC and Latin America and up to six (6) members assigned by us, including the chair of this committee. The Board of Conduct shall:

1. Have the right to establish and enforce, but only in this instance by two-thirds majority approval of the members, a framework for disciplinary action for franchisees that materially violate the Code of Conduct or compliance standards that are deemed detrimental to the brand and the franchise system, including, but not limited to fines; provided that (a) no such fine may exceed the sum of \$5,000 per occurrence for each Territory, and (b) we shall collect such fine, and after deduction of our costs in adjudicating such default, the remainder of any fines collected would accrue to the benefit of any franchisee directly impacted by the violation, and if no such direct impact can be identified, then such amount shall be used for the marketing and promotion of the Carnegie System. We shall have the right to appoint the chair of this committee. Notwithstanding the foregoing, nothing in this Section 23.7 or any framework or standards to be developed, shall limit or alter our rights under the Franchise Agreement, including termination of the Franchise Agreement.

2. Hear the relevant facts of the dispute between two or more franchisees and will make a recommendation to us regarding action to be taken to resolve the dispute. We will consider the recommendations of the Board of Conduct, but we reserve the right make the final determination regarding the action to be taken to resolve the dispute, based on our reasonable and good faith determination of what is in the best interests of our customers.

C. Operating Standards Committee. The Operating Standards Committee will be established to provide input and guidance regarding the design, planning and implementation of, as well as changes or updates to, the (a) Operations Manual, including any changes to the Marks, (b) the Carnegie System, (c) Carnegie Programs, (d) Core Programs, (e) changes or updates to software or computer systems required to be used by you under this Agreement, (f) the forms of Trainer Candidate Contracts, Train the Trainer Agreements and Strategic/Preferred Accounts Contracts, and (g) the sharing of fees for Test Seminars and electronic training modules. We shall have the right to appoint the chair of this committee. Our representatives on this committee shall include our most senior executives directly responsible for Operating Standards and related matters.

D. Regional Marketing Committees. The Regional Marketing Committees will be established to provide input and guidance regarding the design, planning and implementation of Virtual Instructor Led Training, as described in Section 9.1 of this Agreement. Notwithstanding the provisions of Section 23.7, the members of this committee shall be comprised of multiple franchisees in the same country or the same region, if such region shares a common primary language and would otherwise benefit from common marketing efforts. Each such committee shall enact its own bylaws that govern its operations in the chair of each such committee will shall be chosen by its members.

24. GUARANTEE

If you are an entity Franchisee, the Franchisee Principal and each of the following persons will, concurrently with the execution of this Agreement, execute a Guarantee (Exhibit D), under which these individuals guarantee all of your obligations and duties: all Equity Owners holding ten percent (10%) or more of the ownership or voting interest in such entity Franchisee, and, if the entity Franchisee is a limited partnership, the general partner and all persons holding a ten percent (10%) or greater ownership or voting interest in the general partner, in each case at the same time as the execution of this Agreement or at such later time as they assume such status.

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity without first proceeding against you and without proceeding against or naming in the suit any other such individuals and/or entities. The obligations of you and each such individual and/or entity will be joint and several. Notice to or demand upon one such individual and/or entity will be deemed notice to or demand upon you and all such individuals and/or entities, and no notice or demand need be made to or upon any such individuals and/or entities. The cessation of or release from liability of you or any such individual and/or entity will not relieve any other individual and/or entity from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

25. SURVIVAL

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive such termination or expiration and will continue to be binding upon and inure to the benefit of the parties to this Agreement.

This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

26. ACKNOWLEDGMENTS

You acknowledge, warrant and represent to us that:

A. No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Business, or any other Carnegie Business, other than the information (if any) provided in Item 19 of our Disclosure document.

B. No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding our anticipated income, earnings and growth or that of the Carnegie System, or the viability of the business opportunity being offered under this Agreement.

C. Before executing this Agreement, you have had the opportunity to contact our existing franchisees.

D. You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your own choosing. You have been advised to consult with your own advisers with respect to the legal, financial and other aspects of this Agreement, the Business, and the prospects for that Business. You have either consulted with these advisers or have deliberately declined to do so.

E. You have received from us a copy of our Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement or the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

F. No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the offering of one or more of the services or products contemplated to be offered by the Business.

G. The covenants not to compete in Section 13 are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

H. You affirm that all information in all applications, financial statements and submissions to us is true, complete and accurate in all material respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

I. You acknowledge that this Agreement and your operation of a franchise hereunder do not confer any good will in our Marks, and that all good will, whether relating to the Marks or otherwise belongs exclusively to us.

J. You have sufficient knowledge and experience in financial and business matters to make informed investment decisions.

K. You are aware that other present or future franchisees may operate under different forms of agreements, and that our obligations and rights with respect to franchisees might differ materially in certain circumstances.

L. You are aware that we may change standards and policies in sole good faith discretion.

27. SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by us and you.

28. SIGNATURE

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. This Agreement or any counterpart may be executed and delivered by facsimile or email with scan attachment copies, each of which shall be deemed an original.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF US.

FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO IT OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT, IF ANY, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO FRANCHISEE, FRANCHISEE IS NOT RELYING ON THEM.

FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

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

FRANCHISEE:

«FRANCHISEE_NAME»

FRANCHISOR:

DALE CARNEGIE & ASSOCIATES, INC.

Print Name:

Title: _____

Jean-Louis Van Doorne
Senior Vice President

APPENDIX A
STATE ADDENDA

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Illinois:

1. The first sentence of Section 23.2 (“Governing Law”) of the Franchise Agreement is amended to read as follows:

“This Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York, except as otherwise required by the Illinois Franchise Disclosure Act, without recourse to New York (or any other) choice of law or conflicts of law principals.”

2. The first sentence of Section 23.4 (“Venue”) of the Franchise Agreement is amended to read as follows:

Any litigation arising out of or related to this Agreement; any breach of this Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, shall be, except as otherwise required by the Illinois Franchise Disclosure Act, instituted exclusively in (i) any federal court of competent jurisdiction if there will be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court situated within the boundaries of either the Southern or Eastern Districts of the State of New York.

3. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction and choice of law will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to Illinois franchisees.

4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void”.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date first above written.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary in the Franchise Agreement, or in Item 17 or any other Item of the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the state of Maryland.

1. The laws of the state of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the franchise.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
3. A franchisee or Area Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any representations in the Franchise Agreement concerning the disclaimer of any occurrences or acknowledging the non-occurrence of any acts are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)
6. The General Release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the date indicated below.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the state of Minnesota.

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
2. Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.
3. NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.
4. The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.
5. Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation,

organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

6. We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.
7. Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.
8. The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd.5.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the date indicated below.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

**AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE
AGREEMENT REQUIRED BY THE STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. Notwithstanding anything to the contrary set forth in Paragraph 23.2 of the Franchise Agreement, this agreement will be governed by the law of North Dakota.
2. Paragraph 23.5 of the Franchise Agreement, under the heading "Punitive and Other Damages", shall be deleted in its entirety and shall have no force or effect.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota.
4. Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code.
5. Any provision in the Franchise Agreement which requires the Franchisee to sign a general release upon renewal of the Franchise Agreement is deleted from Franchise Agreements issued in the State of North Dakota.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.
2. §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."

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Licensor

By: _____
Authorized Officer

**AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE
AGREEMENT REQUIRED BY THE STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. The following language is added to the Franchise Agreement:

"The law governing franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota, but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing laws of New York."
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from the Franchise Agreement.
3. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.
4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

WASHINGTON FRANCHISE AGREEMENT ADDENDUM

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

Transfer fees are collectable to the extent that they reflect the franchisors' reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

This addendum may also be used as a rider to the offering circular.

Dated: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.

By: _____

Name: _____

Title: _____

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 shall apply to and govern the provisions of the Franchise Agreement.
2. The Act's requirements, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

Dated: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.

By: _____

Name: _____

Title: _____

APPENDIX B - MAP OF TERRITORY

APPENDIX C – TRADEMARKS

Mark	Registration	Date	Class (es)
CARNEGIE CLOUD	4,847,518	Nov 03 2015	41
CARNEGIE COACH	3,801,939	Jun 15 2010	35, 41, 45
DALE CARNEGIE	697,254	May 03 1960	41
DALE CARNEGIE	925,132	Dec 07 1971	16
DALE CARNEGIE COURSE	1,244,836	Jul 05 1983	41
DALE CARNEGIE METHODS	373,503	Dec 12 1939	16
DALE CARNEGIE SYSTEMS	373,504	Dec 12 1939	16
DALE CARNEGIE TECHNIQUES	376,455	Mar 26 1940	16
DALE CARNEGIE TRAINING	1,291,011	Aug 21 1984	16
DALE CARNEGIE TRAINING	1,979,907	Jun 11 1996	41
DC Monogram	5,676,716	Feb 12 2019	16
Diamond Logo	1,995,434	Aug 20 1996	41
Diamond Logo	2,001,189	Sep 17 1996	16
Diamond Logo & DALE CARNEGIE TRAINING	2,160,349	May 26 1998	9
Diamond Logo & DALE CARNEGIE TRAINING	4,362,422	Jul 02 2013	25
Portrait of Dale Carnegie	693,638	Feb 23 1960	41

EXHIBIT A - GENERAL RELEASE (TO BE COMPLETED UPON RENEWAL)

To all to whom these Presents will come or may Concern, Know That in consideration of the execution of a renewal agreement renewing the franchise between «FRANCHISEE_NAME» as YOU, and DALE CARNEGIE & ASSOCIATES, INC. ("We" or "Us") (the "Franchise Agreement"), and other good and valuable consideration, the parties hereby release and discharge each other as follows:

1. YOU hereby release and discharge us, our corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and the heirs, executors, administrators, successors and assigns of us and each of the foregoing (we and all such persons and entities, each a "Franchisor RELEASEE"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against any Franchisor RELEASEE, YOU and YOUR heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, will or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to the Franchise Agreement, including, without limitation, claims arising under federal, state, local and foreign laws, rules and ordinances; provided, however, that this RELEASE will not purport to release any RELEASEE from any future claims arising out of or related to any renewal agreement entered into between us and YOU, that all liabilities arising under Indiana Code Sec. 23 2 2.7 are excluded from this RELEASE, and that all rights enjoyed by YOU under said Franchise Agreement and any causes of action arising in YOUR favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non waiver provisions of General Business Law, Sections 687.4 and 687.5 be satisfied. If YOU are domiciled or have YOUR principal place of business in the State of California, then YOU hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."
2. We hereby release YOU, YOUR corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and YOUR heirs, executors, administrators, successors and assigns and each of the foregoing (YOU and all such persons and entities, each a "FRANCHISEE RELEASEE"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against any FRANCHISEE RELEASEE, YOU and YOUR heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, will or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to any notice of default under the Agreement which YOU have cured in accordance with the Agreement, provided that nothing herein shall be construed as a waiver or release by us of any uncured default or any payment to which it may be entitled as of the date hereof.

Whenever the text hereof requires, the use of singular number will include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

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

FRANCHISEE:
«FRANCHISEE_NAME»

FRANCHISOR:
DALE CARNEGIE & ASSOCIATES, INC.

Print Name: _____
Title: _____

Jean-Louis Van Doorne
Senior Vice President

Date: _____

Date: _____

EXHIBIT B - CONFIDENTIALITY/NON COMPETITION AGREEMENT

FRANCHISEE: «FRANCHISEE_NAME»
HOME ADDRESS: «Franchisee_Principal_Home_Address»
HOME TELEPHONE: «Franchisee_Principal_Home_Number»

«FRANCHISEE_NAME» ("Franchisee") is a franchisee of Dale Carnegie & Associates, Inc. ("Franchisor") under a Franchise Agreement entered into by Franchisee and Franchisor dated of even date herewith (the "Franchise Agreement"). The undersigned agree(s) that, unless otherwise specified, all terms in this Confidentiality/Non-Competition Agreement (the "Agreement") have those meanings ascribed to them in the Franchise Agreement.

If more than one (1) person has executed this Agreement, the term "the undersigned" as used herein, will refer to each such person, and each of the undersigned will be bound hereby.

The undersigned hereby agree(s) that during the term of my employment by, ownership participation in, association with and/or service to Franchisee, The undersigned will only use and divulge Confidential Information (as defined below) as is necessary to operate the Business (and only divulge same on a need to know basis to Franchisee's principals, employees and agents who need access thereto for the purpose of operating the Business), and that, during such term and at any time thereafter, the undersigned will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation, or other entity, any Confidential Information which may be communicated to me, nor will the undersigned directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information.

"Confidential Information" means Our knowledge, trade secrets or know-how concerning the systems of operation, services, products, programs or practices, the Carnegie System, and/or the Business; all proprietary Materials and all works copyrighted by Us or any of Our Affiliates; the Carnegie Programs; the Operations Manual; all services, programs and products which now comprise or in the future may comprise a part of the Carnegie System; Our and Franchisee's computer network Web Sites (if any), and all information posted at any such Web Sites; the Customer Lists; all information concerning Strategic/Preferred Accounts; and all other information, knowledge, know-how, techniques and information that We, Our Affiliates, or Our officers, directors, contractors, employees and/or designees, designate as confidential.

Except as Franchisee is authorized in the Franchise Agreement, the undersigned will not copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store it in a computer, data base or other electronic format; nor otherwise make it available to any unauthorized person or to any third party by sale, transfer, assignment or any other means whatsoever. Upon the expiration or other termination for any reason of my employment by, association with, service to and/or ownership participation in Franchisee, the undersigned agree(s) to return to Franchisor or Franchisee (as the case may be) all Confidential Information then in my possession (or, upon Our or Franchisee's request, destroy such Confidential Information and certify such destruction to Franchisor).

The undersigned acknowledge(s) and agree(s) that all Confidential Information is the exclusive property of Franchisor, with the exception of the Customer Lists, which Franchisee has licensed to Franchisor under the Franchise Agreement, and that therefore Franchisor retains all rights to use and sell such Confidential Information in any manner whatsoever in its sole discretion except the Customer Lists, which Franchisor shall use

for the purposes stated in the Franchise Agreement.

The undersigned further agree(s) that during the term of my employment by, service to, association with and/or ownership participation in Franchisee, the undersigned will not, directly or indirectly engage in any other business (a "Competitive Business"): which is similar to the Business; which engages in any of the activities which the Franchise Agreement contemplates that Franchisee will engage in; or, which offers or sells any other service, product or component which now or in the future is part of the Carnegie System, or any confusingly similar service, product or component. The undersigned understand and agree(s) that the undersigned is prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, officer, manager, employee, principal, agent, advisor, or consultant. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business. The undersigned agree(s) not to divert any business that should be handled by the Business to any other person or entity. The undersigned further agree(s) that during the term of my employment by, service to, association with and/or ownership participation in Franchisee, the undersigned will not solicit for employment personnel of Franchisor, its Affiliates, Franchisee, or of any other franchisee or sponsor of Franchisor without written permission from Franchisor.

The undersigned understand(s) and agree(s) that for a period of one (1) year immediately following the expiration or termination of my employment by, service to, association with and/or ownership participation in Franchisee, the undersigned is prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, officer, manager, employee, principal, agent, adviser, or consultant, if the Competitive Business is located within Franchisee's Territory, within fifty (50) miles of the perimeter of Franchisee's Territory, or within fifty (50) miles of the perimeter of (or within) any Carnegie Business territory (whether owned by Franchisor (including a Franchisor Center of Excellence), franchised, licensed or otherwise established and operated). It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business.

Further, for one (1) year after the expiration or termination of my employment by, service to, association with and/or ownership participation in Franchisee, the undersigned agree(s) (i) not to solicit for employment personnel of Franchisor, its Affiliates, Franchisee or of any other franchisee or sponsor of Franchisor without written permission from Franchisor; (ii) not to solicit clients and/or Carnegie Program participants of Franchisee, Franchisor, its Affiliates, or of any other franchisee or sponsor of Franchisor; and (iii) not to publicize in any educational or business activity my previous relationship with Franchisee, Franchisor, the Carnegie System, and/or the Carnegie Programs, except in a resume used specifically for the purpose of obtaining full or part-time personal employment (but not in furtherance of my own business).

If all or any portion of the covenants in this Agreement are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and will not by necessity invalidate the entirety of the covenants. The undersigned expressly agree(s) to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenants were separately stated in and made a part of this Agreement.

The undersigned acknowledge(s) that violation of the covenants contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, the undersigned consent(s) to the entry of an injunction procured by Franchisor or Franchisee

(or both) prohibiting any conduct by me in violation of the terms of the covenants in this Agreement. The undersigned expressly agree(s) that it may conclusively be presumed that any violation of the terms of the covenants not to compete contained in this Agreement was accomplished by and through my unlawful use of Confidential Information. Further, the undersigned expressly agree(s) that any claims the undersigned may have against Franchisor, Franchisee or any other party, whether or not arising from this Agreement or any other agreement, will not constitute a defense to the enforcement of the covenants in this Agreement. The undersigned agree(s) to pay all costs and expenses, including reasonable attorneys' and experts' fees and disbursements, incurred by Franchisor in connection with any action instituted against me to secure or protect Our rights under this Agreement, or to enforce the terms of this Agreement, or in any action commenced or joined in by me against Franchisor. Notwithstanding the foregoing, Franchisor will be entitled to any other remedies available at law or in equity.

This Agreement; all relations between me and Franchisor; and, any and all disputes between us, whether statutory claims or claims sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Business is located and/or the undersigned is domiciled outside of New York and the provision would be enforceable under the laws of the state in which the Business is located and/or the undersigned is domiciled, then that provision (and only that provision) will be interpreted and construed under the laws of that state.

Any litigation arising out of or related to this Agreement; any breach of this Agreement; all relations between me and Franchisee; and, any and all disputes between us, whether statutory claims or claims sounding in contract, tort, or otherwise, will be instituted exclusively in (i) any federal court of competent jurisdiction if there will be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court situated within the boundaries of either the Southern or Eastern Districts of the State of New York. The undersigned hereby irrevocably consent(s) to the personal jurisdiction of all such courts. The undersigned agree(s) that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by any federal or state court of competent jurisdiction situated within the boundaries of either the Southern or Eastern Districts of the State of New York. The undersigned hereby waives and covenants never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date set forth below.

«Equity_Owner»

Date

EXHIBIT C - SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT (the "Agreement") is made and entered into on _____ between DALE CARNEGIE & ASSOCIATES, INC., a New York corporation with its principal office at 58 South Service Road, Suite 301, Melville, New York 11747 ("Licensor") and «FRANCHISEE_NAME» whose principal address is «Franchisee Address» ("Licensee").

WITNESSETH:

WHEREAS, Licensor has the right and authority to grant the license granted by this Agreement; and

WHEREAS, Licensee desires to acquire the license granted by this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereby agree as follows:

I. GRANT OF LICENSE

1.01 Grant of License to Dale Carnegie Software

Licensor hereby grants to Licensee a nontransferable, nonexclusive single-site license for the use of those various computer programs, system documentation manuals and other materials comprising Dale Carnegie's proprietary DCT Client Builder™ system (collectively referred to as "Dale Carnegie Software") supplied by Licensor to Licensee, subject to the terms and conditions of this Agreement.

1.02 Grant of Sublicense to Microsoft Office 365 and Salesforce

Licensor represents that, as of the date of this Agreement, it has the non-exclusive right to sublicense the software program Microsoft Office 365 and Salesforce to Licensee for a one-year period ending on the first anniversary of such license period, which period is generally renewed automatically. Notwithstanding anything contained herein to the contrary, Licensor's rights to sublicense Microsoft Office 365 is specifically subject to any applicable license agreement required by Microsoft ("Microsoft License Agreement"). Subject to the terms and conditions of this Agreement, Microsoft License Agreement and Licensor's rights to sublicense Microsoft Office 365, Licensor hereby grants to Licensee a non-exclusive sublicense to use Microsoft Office 365 on one (1) personal computer. If there is a conflict between this Agreement and the Microsoft License Agreement, the Microsoft License Agreement will prevail.

1.03 Rights of Licensor

Licensee recognizes that the Dale Carnegie Software and all additional materials and information, including but not limited to all processes, ideas, data and printed material, are supplied to Licensee subject to the proprietary rights of Licensor and/or its third party Licensors. Licensee agrees with Licensor that the Dale Carnegie Software, and all information and/or data supplied by Licensor in any form, including but not limited to object, machine-readable and/or printed form, are trade secrets of Licensor and/or its third party Licensors, are protected by civil

and criminal law, and by the law of copyright, are very valuable to Licensor and/or its third party Licensors, and that their use and disclosure must be carefully and continuously controlled.

1.04 Title

Licensor or its third party Licensors retains title to the Dale Carnegie Software and additional materials and information furnished by Licensor in any form (including but not limited to object, machine-readable and/or printed form). Licensee agrees to keep each and every item to which Licensor or its third party Licensors retains title free and clear of all claims, liens and encumbrances except those of Licensor or its third party Licensors, and any act of Licensee, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item will be void.

II. PAYMENTS TO LICENSOR

2.01 Payment for Dale Carnegie Software

Licensee hereby agrees to pay Licensor: (a) Four Hundred Ninety-Five Dollars (\$495), upon execution of this Agreement, for the license granted herein to use the Dale Carnegie Software; and (b) an annual fee of Four Hundred Ninety-Five Dollars (\$495) for the continued license to use the Dale Carnegie Software, any updates to such Software, access to Licensor's DCT Client Builder™ help desk and any DCT Client Builder™ training that Licensor may provide, payable fifteen (15) days after the first anniversary of the date of this Agreement and annually thereafter during the term of this Agreement.

2.02 Payment for Microsoft Office 365

For the sublicense granted herein to use Microsoft Office 365, Licensee hereby agrees to pay Licensor: (a) Forty-Eight Dollars (\$48) per user upon execution of this Agreement and (b) Forty-Eight Dollars (\$48) per year per user of Microsoft Office 365, payable upon January 15th of every year in which this Agreement is in effect.

2.03 Payment for Salesforce

Licensee hereby agrees to pay Licensor upon execution of this Agreement: (a) Thirty Dollars (\$30.00) per user per month or Three Hundred Sixty Dollars (\$360.00) per year for the Gold User License; or One Hundred Fifteen Dollars (\$115.00) per user per month or One Thousand Three Hundred Eighty Dollars (\$1,380.00) per year for the Platinum User License, payable at the beginning of each Fiscal Year.

III. TERM

3.01 Subject to Section 3.02, this Agreement is effective from the date of this Agreement and will remain in full force so long as Licensee remains a Franchisee in good standing under and pursuant to that Franchise Agreement entered into by and between DALE CARNEGIE & ASSOCIATES, INC. and Licensee, dated of even date herewith, (the "Franchise Agreement") which said Franchise Agreement is, by this reference, incorporated in this Agreement as though set forth in full. Terms used herein but not otherwise defined will have the meanings ascribed thereto in the Franchise Agreement.

3.02 In the event that Licensor's rights to sublicense Microsoft Office 365 are terminated, expired or not renewed for any reason, then Licensor's sublicense of Microsoft Office 365 to Licensee pursuant to this Agreement will expire. In such event, Licensor will have no liability whatsoever to Licensee.

IV. RESTRICTIONS ON LICENSEE

4.01 Copies

Licensee agrees that while this license is in effect, or while Licensee has custody or possession of any property of Licensor, it will not (1) copy or duplicate, or permit anyone else to copy or duplicate, any physical or magnetic version of the Dale Carnegie Software or other information furnished by Licensor in any form (including but not limited to object, machine-readable and/or printed form); (2) create or attempt to create, or permit others to create or attempt to create, by reverse engineering or otherwise, the source programs or any part thereof from the object program or from any other information made available under this license or otherwise (whether oral, written, tangible or intangible).

The foregoing notwithstanding, except for Microsoft Office 365, any Dale Carnegie Software or additional material which is provided by Licensor in any form (including but not limited to object, machine-readable and/or printed form) to Licensee may be copied, in whole or in part, solely for the use by the Licensee at Licensee's above-said address, for archive or emergency restart purposes, to replace a worn copy, or to understand the contents of such machine-readable material, provided, however, that no more than three (3) printed copies and three (3) object or machine-readable copies will be in existence under this license at any one time without prior written consent from Licensor. The original, and any copies, in whole or in part, of Dale Carnegie Software and/or additional materials supplied to Licensee by Licensor, which are made under this Agreement, will be the property of Licensor or its third party Licensors.

Licensee shall keep any such copies and the original at Licensee's above-said address, except that the Licensee may transport or transmit a copy or the original of any licensed program to another location for back-up use when required by CPU malfunction, provided the copy or original is destroyed or returned to Licensee's above-said address when the malfunction is corrected.

All programs, documentation and materials in any form (including but not limited to object, machine-readable and/or printed form) supplied under this license must be kept in a secure place, under access and use restrictions satisfactory to Licensor, and not less strict than those applied to Licensee's most valuable and sensitive programs.

4.02 Modification

Licensee agrees that while this license is in effect, or while Licensee has custody or possession of any property of Licensor, it will not modify, translate or enhance the Dale Carnegie Software.

4.03 Transfer of Software

If Licensee transfers possession of any copy, modification, translation or merged portion of the Dale Carnegie Software to another party in violation of the terms of this Agreement, such attempt at transfer will be deemed void and this license will be automatically terminated.

V. PROTECTION AND SECURITY

5.01 Non-Disclosure

Licensee may not disclose, publish, translate, release, transfer or otherwise make available the Dale Carnegie Software, or any part thereof, or any other materials furnished by Licensor, in any form, to any person, without the written consent of Licensor, which may be withheld with or without cause, in Licensor's sole and exclusive discretion. Licensee agrees that it will take all necessary action including, but not necessarily limited to, instructing and entering into agreements with all of Licensee's employees, agents, representatives, affiliates, subsidiaries, and/or other third persons/entities associated with Licensee to protect the copyright and trade secrets of Licensor or its third party Licensors in and to those materials licensed under this Agreement and to assure Licensee's compliance with its obligations under this Agreement. The provisions of this Section 4.01 will survive the termination of this Agreement.

Licensee understands and agrees that Licensor may from time to time adopt such mechanical or other electronic methods that Licensor deems necessary (in its sole and exclusive discretion) to prevent the unauthorized use and/or distribution of the Dale Carnegie Software.

5.02 Off-Site Communications Lines

Licensee may not permit the computer programs licensed under this Agreement to be transmitted over any off-site communications lines for any purpose.

VI. UNAUTHORIZED ACTS

6.01 Licensee agrees to notify Licensor immediately of the unauthorized possession, use or knowledge of any item supplied through this license and of other information made available to Licensee under this Agreement, by any person or organization not authorized by this Agreement to have such possession, use or knowledge. Licensee agrees to promptly furnish full details of such possession, use or knowledge to Licensor, to assist in preventing the recurrence of such possession, use or knowledge, and to cooperate with Licensor in any litigation against third parties deemed necessary by Licensor or its third party Licensors to protect its proprietary rights. Licensee's compliance with this paragraph will not be construed in any way as a waiver of Licensor's rights to recover damages or obtain other relief against Licensee for its negligent or intentional harm to Licensor's proprietary rights, or for breach of contractual rights.

VII. INSPECTION

7.01 To assist Licensor and its third party Licensors in the protection of its proprietary rights, Licensee agrees to permit representatives of Licensor to inspect at all reasonable times any location at which items supplied under this Agreement are being used or kept.

VIII. ASSIGNMENT OF LICENSE RIGHTS

8.01 Assignment by Licensor

Licensor will have the right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity provided that, if the assignment results in the performance by the assignee of the functions of Licensor under this Agreement: (i) the assignee shall, at the time of

such assignment, be financially responsible and economically capable of performing the obligations of Licensor under this Agreement, and (ii) the assignee must expressly assume and agree to perform such obligations.

8.02 Assignment by Licensee

With respect to Licensee's obligations under this Agreement, this Agreement is personal, being entered into in reliance upon and in consideration of the singular personal skill and qualifications of Licensee, and the trust and confidentiality reposed in Licensee by Licensor. Therefore, neither Licensee's interest in this Agreement, nor any of its rights or privileges under this Agreement, may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior written consent of Licensor. Any actual or attempted assignment, transfer or sale of this Agreement, or any interest therein, made or accomplished in violation of the terms of this Article VIII will be null and void and will constitute a material and incurable breach of this Agreement by Licensee, and, in that event, this Agreement will automatically terminate without further notice.

IX. INJUNCTION

9.01 Licensee acknowledges that if Licensee uses, copies, modifies, licenses, or conveys the items supplied by Licensor under this Agreement, in a manner contrary to the terms of this Agreement or in competition with Licensor or in derogation of Licensor's and/or its third party Licensors' proprietary rights, whether these rights are explicitly stated in this Agreement, determined by law or otherwise, it will result in immediate and irreparable injury to Licensor for which no adequate remedy at law will be available. Accordingly, Licensee consents to the entry of an injunction prohibiting any such conduct by Licensee. Licensee expressly agrees that any claims it may have against Licensor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Licensor or its third party Licensors of Licensee's obligation not to engage in such conduct. Licensee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees and disbursements, incurred by Licensor or its third party Licensors in connection with the enforcement by Licensor or its third party Licensors of Licensee's obligation not to engage in such conduct. Notwithstanding the foregoing, Licensor and its third party Licensors shall be entitled to any other remedies available at law or in equity.

X. DEFAULT AND TERMINATION

10.01 Termination

Licensor reserves the right to immediately terminate this Agreement, at Licensor's sole and exclusive discretion, should Licensee breach any term of this Agreement or if Licensor should terminate the Franchise Agreement pursuant to the termination provisions thereof. Said termination will be without prejudice to any right or claims Licensor or its third party licensors may have, and all rights granted under this Agreement will forthwith revert to Licensor, and Licensee agrees to immediately thereafter return to Licensor all property of and/or materials supplied by Licensor.

The termination or expiration of this Agreement or of the Franchise Agreement for any reason whatsoever will not relieve Licensee of its obligations of confidentiality, protection and security under this Agreement, or of the restriction on copying and use as provided in this Agreement, with respect to the Dale Carnegie Software. Any

provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

Upon termination or expiration of this Agreement or of the Franchise Agreement for any reason, Licensee agrees to immediately return to Licensor the Dale Carnegie Software, including, without limitation, all computer software, disks, tapes and other magnetic storage media (and any future technological substitutions therefor) in good condition (allowing for normal wear and tear).

XI. BINDING EFFECT

11.01 Licensee agrees that this Agreement binds the named Licensee and each of Licensee's employees, agents, representatives and persons associated with it. This Agreement further binds each affiliated and subsidiary firm, corporation, or other organization and any person, firm, corporation or other organization with which the Licensee may enter a joint venture or other cooperative enterprise.

XII. SECURITY INTEREST

12.01 Licensee gives to Licensor a security interest in and to the Dale Carnegie Software and other materials furnished under this Agreement as security for the performance by the Licensee of all of its obligations under this Agreement, together with the right, without liability, to repossess said Dale Carnegie Software and other materials, with or without notice, in the event of default in any such obligation.

XIII. WAIVER OR DELAY; AMENDMENT

13.01 Waiver or Delay

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by such party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by Licensee under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

13.02 Amendment

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties hereto. Licensee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Licensor are confined exclusively to the terms of this Agreement.

XIV. DISCLAIMER

14.01 LICENSOR WARRANTS AND REPRESENTS THAT IT HAS THE AUTHORITY TO EXTEND THE RIGHTS GRANTED TO LICENSEE HEREIN. THIS EXPRESS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE, OF QUALITY OR PRODUCTIVENESS OR CAPACITY. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE LICENSE, DALE CARNEGIE SOFTWARE, MICROSOFT OFFICE 365 AND OTHER INFORMATION MADE AVAILABLE HEREUNDER BY LICENSOR ARE MADE AVAILABLE ON AN "AS-

IS" BASIS. LICENSOR OR ITS THIRD PARTY LICENSORS SHALL NOT BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT, OR OTHERWISE) TO LICENSEE, THIRD PARTIES, OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER LICENSEE, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL DAMAGES, INCIDENTAL DAMAGES, LOST PROFITS AND/OR LOST BUSINESS ARISING OUT OF OR IN CONNECTION WITH ANY USE, OR INABILITY TO USE, ANY OF THE LICENSED DALE CARNEGIE SOFTWARE, MICROSOFT OFFICE 365, MATERIALS OR INFORMATION FURNISHED, WHETHER CAUSED BY DEFECT, NEGLIGENCE, BREACH OF WARRANTY, DELAY IN DELIVERY OR OTHERWISE, EVEN IF LICENSOR OR ITS THIRD PARTY LICENSORS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EXPENSES. FURTHER, NO OBLIGATION OR LIABILITY SHALL ARISE OR FLOW OUT OF LICENSOR'S RENDERING OF TECHNICAL OR OTHER ADVICE IN CONNECTION WITH THE DALE CARNEGIE SOFTWARE, MICROSOFT OFFICE 365 OR ANY EQUIPMENT USED THEREWITH.

XV. LIMITATION OF LIABILITY

15.01 Licensor's liability for damages under this Agreement, regardless of the form of action, will not exceed the cost of replacement of the software licensed under this Agreement. This will be Licensee's sole and exclusive remedy. No action, regardless of form, arising out of any party's obligations under this Agreement may be brought by either party more than one (1) year after the cause of action has accrued, except that an action for nonpayment may be brought within one year of the date of last payment.

XVI. SEVERABILITY

16.01 Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

XVII. GOVERNING LAW; VENUE

17.01 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state.

17.02 Venue

Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, shall be instituted exclusively in (i) any federal court of competent jurisdiction if there shall be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court sitting in either the Southern or Eastern Districts of the State of New York. Licensee hereby irrevocably consents to the personal jurisdiction of all such courts. Licensee agrees that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by any federal or state court of competent jurisdiction situated in either the Southern or Eastern Districts of the State of New York. Licensee hereby waives and covenants never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

XVIII. COSTS OF ENFORCEMENT OR DEFENSE; ATTORNEYS' FEES

18.01 Costs of Enforcement or Defense

Licensor will be entitled to recover from Licensee reasonable attorneys' and experts' fees and disbursements, court costs and all other expenses of litigation, if Licensor prevails in any action instituted against Licensee to secure or protect Licensor's rights under this Agreement, or to enforce the terms of this Agreement, or in any action commenced or joined in by Licensee against Licensor.

18.02 Attorneys' Fees

If Licensor becomes a party to any action or proceeding arising out of or relating to this Agreement as a result of any claimed or actual act, error or omission of Licensee (and/or any of its officers, directors, shareholders, management, employees, contractors and/or representatives); by virtue of statutory, "vicarious", "principal/agent" or other liabilities imposed on Licensor as a result of its status as a licensor of Licensee; or if Licensor becomes a party to any litigation or any insolvency proceeding involving Licensee pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then Licensee will be liable to, and will promptly reimburse Licensor for, the reasonable attorneys' and experts' fees and disbursements, court costs, travel and lodging costs and all other expenses incurred by Licensor in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Licensor will be entitled to add all costs of collection, interest, attorneys' and experts' fees and disbursements to its proof of claim in any insolvency or bankruptcy proceeding filed by Licensee.

XIX. SUBMISSION OF AGREEMENT

19.01 The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by Licensor and Licensee. The date of execution by the Licensor will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON LICENSOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF LICENSOR. LICENSEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

FRANCHISEE:
«FRANCHISEE_NAME»

FRANCHISOR:
DALE CARNEGIE & ASSOCIATES, INC.

Print Name: _____
Title: _____

Jean-Louis Van Doorne
Senior Vice President

EXHIBIT D - PERSONAL GUARANTEE

In consideration of the execution by Dale Carnegie & Associates, Inc. ("Franchisor") of the Dale Carnegie & Associates, Inc. Franchise Agreement (the "Franchise Agreement") dated _____, between Franchisor and «FRANCHISEE_NAME» ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one (1) person has executed this Guarantee, the term "the undersigned," as used herein, will refer to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee will be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Franchise Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Franchise Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any others of the undersigned from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will in no way modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of Franchisor, its successors and assigns. This Guarantee may be assigned by

Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder. Nothing contained in this Guarantee may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Guarantee and any present or future statute, law, ordinance or regulation required to be made applicable to this Guarantee, the latter will prevail, but the affected provision of this Guarantee will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any provision, sentence or clause of this Guarantee is held to be indefinite, invalid or otherwise unenforceable, the entire Guarantee will not fail for this reason, and the balance of the Guarantee will continue in full force and effect. If any court of competent jurisdiction deems any provision, sentence or clause of this Guarantee so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Guarantee and this Guarantee will be valid and enforceable, and the undersigned agree to be bound by and perform this Guarantee as so modified.

Franchisor will be entitled to recover from the undersigned reasonable attorneys' and experts' fees and disbursements, court costs and all other expenses of litigation, if Franchisor prevails in any action instituted against the undersigned to secure or protect Our rights under this Guarantee, or to enforce the terms of this Guarantee, or in any action commenced or joined in by the undersigned against Franchisor.

This Guarantee; all relations between the undersigned and Franchisor; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of New York, and if the Business (as defined in the Franchise Agreement) is located and/or the undersigned is/are domiciled outside of New York and the provision would be enforceable under the laws of the state in which the Business is located and/or the undersigned is/are domiciled, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this paragraph is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise be required to apply.

Any litigation arising out of or related to this Guarantee; any breach of this Guarantee; all relations between the undersigned and Franchisor; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, will be instituted exclusively in (i) any federal court of competent jurisdiction if there will be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court situated within the boundaries of either the Southern or Eastern Districts of the State of New York. The undersigned hereby irrevocably consent to the personal jurisdiction of all such courts. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by any federal or state court of competent jurisdiction situated within the boundaries of either the Southern or Eastern Districts of the State of New York. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

«Equity_Owner»

Date

EXHIBIT E - GENERAL RELEASE (TO BE COMPLETED UPON TRANSFER)

To all to whom these Presents will come or may Concern, Know That

Dale Carnegie & Associates, Inc. (a corporation (corporation, partnership, limited partnership, limited liability company, other entity) organized under the laws of the State of New York) (an individual domiciled in the State of New York) ("YOU"), in consideration of the consent of DALE CARNEGIE & ASSOCIATES, INC. ("We" or "Us") to the Transfer of the Business granted pursuant to the Franchise Agreement dated _____ for the territory listed below, between YOU and Us (the "Franchise Agreement") and other good and valuable consideration, hereby releases and discharges Us, Our corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and Our heirs, executors, administrators, successors and assigns and each of the foregoing (Us and all such persons and entities, each a "DC&A RELEASEE"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against any DC&A RELEASEE, the YOU and YOUR heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, will or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state, local and foreign laws, rules and ordinances; *provided, however*, that all liabilities arising under Indiana Code Sec. 23-2-2.7 are excluded from this RELEASE, and that all rights enjoyed by YOU under said Franchise Agreement and any causes of action arising in YOUR favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5 be satisfied. If YOU are domiciled or have YOUR principal place of business in the State of California, then YOU hereby expressly waive and relinquish all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

We, in consideration of YOUR fulfillment of all obligations required of YOU under the Franchise Agreement related to the Transfer, including, without limitation, YOUR post termination obligations, and only to the extent of YOUR fulfillment of all such obligations, hereby release and discharge YOU, YOUR corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and YOUR heirs, executors, administrators, successors and assigns and each of the foregoing (YOU and all such persons and entities, each a "FRANCHISEE RELEASEE"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against any FRANCHISEE RELEASEE, We and Our heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, will or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state, local and foreign laws, rules and ordinances; *provided, however*, nothing in his Release shall be construed as a waiver or release by Us of any payment due to Us under the Franchise Agreement, any of YOUR obligations to indemnify Us for third party claims nor of any provisions of the Franchise Agreement which, by their terms, survive termination of the Franchise

Agreement, including, without limitation, the confidentiality and non-competition provisions of the Franchise Agreement.

Whenever the text hereof requires, the use of singular number will include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

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

FDD**EXHIBIT B****LIST OF OPERATIONAL FRANCHISEES**

FRANCHISE LOCATION	STATE	CITY	ZIP CODE	STREET/TELEPHONE #	FRANCHISEE
Alabama	Alabama	Birmingham	35236	PO Box 36543 (205) 444-5011	Covert & Associates, Inc.
Alaska	Canada	Calgary	T2R 1J5	#760 999 8th Street SW (403) 265-5344	Twello Consulting, Inc.
Arizona	Arizona	Scottsdale	85253	7373 N. Scottsdale Rd #A216 (520) 747-4664	Arizona Training Group LLC
Arizona	Arizona	Scottsdale	85253	7373 N. Scottsdale Rd #A216 (520) 747-4664	Arizona Training Group, LLC
Arkansas	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562-6938	Howard Mohorn & Associates, LLC
Arkansas	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562-6938	Howard Mohorn & Associates, LLC
California	California	Santa Ana	92705	1805 East Dyer Road, Suite 109 (949) 474-1843	Business Empowerment, Inc.
California	California	Sacramento	95833	2804 Gateway Oaks Drive, Suite 160 (209) 915-3555	Cookson Consulting LLC
California	California	Carlsbad	92008	1099 Buena Vista Way (760) 807-4788	Pivotal Results EB Inc.
California	California	Carlsbad	92008	1099 Buena Vista Way (760) 807-4788	Pivotal Results LA, Inc.
California	California	Carlsbad	92008	1099 Buena Vista Way (760) 807-4788	Pivotal Results SD Inc.
California	California	Carlsbad	92008	1099 Buena Vista Way (760) 807-4788	Pivotal Results SF Inc.
California	California	Carlsbad	92008	1099 Buena Vista Way (760) 807-4788	Pivotal Results SJ Inc.
California	California	West Covina	91790	2101 West Garvey Avenue North (949) 675-1156	Success DC LLC

California	California	Alta Loma	91701	8420 Vicara Drive (213) 787-3000	Trainathon Corporation
California	California	Ripon	95366	1864 Davidson Ct (209) 200-9560	V.M. Delgado & Associates
Colorado	Colorado	Denver	80231	7535 E Hampden Ave., Suite 650 (303) 964-8688	Corporate Change Catalysts Consortium of the West LLC
Colorado	California	Ripon	95366	1864 Davidson Ct (209) 200-9560	Delgado & Associates LLC
Connecticut	Connecticut	Naugatuck	06770	21 Maple Street (203) 723- 9888	B. Dickson & Associates, LLC
Connecticut	Connecticut	West Hartford	06117	PO Box 270853 (860) 232- 6000	Michael Francoeur & Associates
Delaware	Pennsylvania	Allentown	18106	1275 Glenlivet Drive, Suite 100 (610) 783-6500	Leadership Institute, Inc.
District of Columbia	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook LLC
Florida	Florida	Tampa	33634	4902 Eisenhower Blvd N. Suite 200B (813) 288-8778	Rick J. Gallegos & Associates, Inc.
Florida	Florida	Ft. Lauderdale	33301	300 SW 1st Ave, Suite 155 (954) 961-2209	Southeast Florida Institute, Inc.
Florida	Florida	Ft. Lauderdale	33301	300 SW 1st Ave, Suite 155 (954) 961-2209	Southeast Florida Institute, Inc.
Florida	Florida	Sarasota	34236	AMS C/O Westin Sarasota (800) 263-6840	Yolo Sage LIC
Florida	Florida	Wilbur by the Sea	32119	4295 South Atlantic	Kenneth Robert Pennacchini
Georgia	Tennessee	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners Georgia, LLC
Georgia	Tennessee	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners, LLC
Georgia	South Carolina	North Charleston	29405	4105 Faber Place Dr., Suite 420 (843) 884-4848	Leadership & Management Solutions LLC
Hawaii	Hawaii	Honolulu	96817	2101 Nuuanu Avenue #704 (808) 538-3253	I'Mproving, LLC
Idaho	Washington	Bellevue	98005	13555 Bel-Red Road Suite 208 (425) 453-8822	Crace Inc.

Illinois	Illinois	Peoria	61614	7820 N. University St. Suite 110 (309) 691-6808	DCT of Greater Illinois, Inc.
Illinois	Kentucky	Benton	42025	62 Corwin Lane (270) 331-9567	Mands Group, LLC
Illinois	Missouri	St. Louis	63144	1600 S. Brentwood Blvd #210 (314) 439-8090	Midwest Performance Development, Inc.
Illinois	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman and Associates LLC
Illinois	Illinois	Downers Grove	60515	1333 Butterfield Road Suite 140 (630) 971-1900	Don Adams (Individual)
Indiana	Ohio	Perrysburg	43551	580 Carol Lane (419) 872-9040	Adams Group LLC
Indiana	Illinois	Downers Grove	60515	1333 Butterfield Road Suite 140 (630) 971-1900	Don Adams (Individual)
Indiana	Kentucky	Benton	42025	62 Corwin Lane (270) 331-9567	Mands Group, LLC
Indiana	Indiana	Carmel	46032	484 E. Carmel Drive (317) 509-8477	Strategies 4 Success, Inc.
Indianapolis	Indianapolis	Carmel	46032	484 E. Carmel Drive (317) 509-8477	Strategies 4 Success, Inc.
Iowa	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman and Associates LLC
Iowa	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman Futures LLC
Iowa	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman Futures LLC
Kansas	Missouri	St. Louis	63144	1600 S. Brentwood Blvd #210 (314) 439-8090	Midwest Performance Development, Inc
Kansas	Kansas	Manhattan	66503	5765 Blue River Hills Road (785) 537-8070	OakRock Leadership LLC
Kentucky	Tennessee	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners, LLC
Kentucky	Kentucky	Benton	42025	62 Corwin Lane (270) 331-9567	Mands Group, LLC
Louisiana	Louisiana	Mandeville	70471	811 Bocage Lane (504) 831-4204	Paul Phillips & Associates, Inc.
Louisiana	Louisiana	Mandeville	70471	811 Bocage Lane (504) 831-4204	Paul Phillips & Associates, Inc.
Louisiana	Louisiana	Baton Rouge	70835	PO Box 40188 (225) 274-2460	The Winner Institute, Inc.

Maine	Maine	Scarborough	04074	254 US Route One (207) 303-0610	DC Legacy, LLC
Maryland	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook LLC
Maryland	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook, LLC
Massachusetts	New York	Rensselaer	12144	29 Farley Drive (518) 283- 1300	Dale Carnegie of NENY
Massachusetts	Massachusetts	Waltham	02451	330 Bear Hill Road Suite 203 (781) 894-2700	Performance Training Associates, Inc.
Michigan	Michigan	Saginaw	48638	5800 Gratiot Road Suite 102 (989) 799-7760	Handley & Associates, Inc.
Michigan	Michigan	Grand Rapids	48917	900 Elmwood Road (517) 244-0687	Ralph Nichols Group, Inc.
Michigan	Wisconsin	West Allis	53214	10909 W. Greenfield Avenue Suite 207 (414) 771-3200	SGB & Associates, LLC
Michigan	Michigan	Hartland	48353	957 Maxfield Road (248) 380-7000	Will Enterprises, Inc
Minnesota	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman and Associates LLC
Minnesota	North Dakota	Fargo	58102	1630 1st Ave S, Suite B 701-639-2182	Verve Training Co
Mississippi	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562- 6938	Howard Mohorn & Associates, LLC
Mississippi	Louisiana	Mandeville	70471	811 Bocage Lane (504) 831-4204	Paul Phillips & Associates, Inc.
Missouri	Illinois	Peoria	61614	7820 N. University St. Suite 110 (309) 691-6808	DCT of Greater Illinois, Inc.
Missouri	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562- 6938	Howard Mohorn & Associates, LLC
Missouri	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562- 6938	Howard Mohorn & Associates, LLC
Missouri	Missouri	St. Louis	63144	1600 S. Brentwood Blvd #210 (314) 439-8090	Midwest Performance Development, Inc
Missouri	Missouri	St. Louis	63144	1600 S. Brentwood Blvd #210 (314) 439-8090	Midwest Performance Development, Inc.

Nebraska	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman Futures LLC
Nevada	Nevada	Henderson	89074	2520 St. Rose Parkway # 306 (702) 430-7994	CK McGuire & Associates, LLC
New Hampshire	Massachusetts	Waltham	02451	330 Bear Hill Road Suite 203 (781) 894-2700	Performance Training Associates, Inc.
New Hampshire	Vermont	Essex	05451	PO Box 8253 (802) 879- 7219	Vermont Training Solutions, Inc.
New Jersey	New Jersey	West Caldwell	07006	1140 Bloomfield Avenue (908) 581-3683	JCMA & Associates LLC
New Jersey	Pennsylvania	Allentown	18106	1275 Glenlivet Drive, Suite 100 (610) 783-6500	Leadership Institute, Inc.
New Jersey	New Jersey	Hamilton	08691	1 AAA Drive, Suite 102 (609) 631-0500	Success Unlimited II, Inc.
New Jersey	New Jersey	Hamilton	08691	1 AAA Drive, Suite 102 (609) 631-0500	Success Unlimited, II, Inc.
New Mexico	California	Ripon	95366	1864 Davidson Ct (209) 200-9560	Delgado & Associates LLC
New York	Pennsylvania	Pittsburgh	15212	PO Box 6174 (412) 471- 3500	J.R. Rodgers & Associates, Inc.
New York	New York	Syracuse	13209	217 Wilshire Road (315) 457-1300	L.J. English & Associates, Inc.
New York	Vermont	Essex	05451	PO Box 8253 (802) 879- 7219	Vermont Training Solutions, Inc.
New York	New York	Hauppauge	11788	150 Motor Parkway - Suite LL40 (631) 415-9391	ABEO Consulting LLC
New York	New York	Hauppauge	11788	150 Motor Parkway - Suite LL40 (631) 415-9391	ABEO Consulting LLC
New York	New York	Rochester	14624	1200A Scottsville Road, Suite D470 (585) 328-4980	Blue Sky Associates of Upstate NY, Inc
New York	New York	Rochester	14624	1200A Scottsville Road, Suite D470 (585) 328-4980	Blue Sky Associates of Upstate NY, Inc.
New York	New York	Rensselaer	12144	29 Farley Drive (518) 283- 1300	Dale Carnegie of NENY
North Carolina	North Carolina	Raleigh	27615	8480 Honeycut Road, Suite 200 (336) 299-3253	Professional Development Psyche, LLC
North Carolina	Indiana	Concord	28025	837 Tanglewood Drive (704) 262-7614	Spader Success Solutions, LLC

North Dakota	North Dakota	Fargo	58102	1630 1st Ave S, Suite B 701-639-2182	Verve Training Co
Ohio	Ohio	Toledo	43612	1208 Higley Street (419) 654-0037	Bebeau Group, LLC
Ohio	Virginia	Richmond	23226	1800 Bayberry Court, Suite 105 (804) 270-0020	J.J. White & Associates
Ohio	Ohio	Pittsburgh	15212	PO Box 6174 (412) 471- 3500	J.R. Rodgers & Associates Ohio, LLC
Ohio	Pennsylvania	Pittsburgh	15212	PO Box 6174 (412) 471- 3500	J.R. Rodgers & Associates, Inc.
Ohio	Kentucky	Benton	42025	62 Corwin Lane (270) 331- 9567	Mands Group, LLC
Oklahoma	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562- 6938	Howard Mohorn & Associates, LLC
Oklahoma	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562- 6938	Howard Mohorn & Associates, LLC
Oklahoma	Oklahoma	Norman	73026	6155 108th Ave NE (405) 947-2111	Ron Moore & Associates, Inc.
Oregon	Washington	Bellevue	98005	13555 Bel-Red Road Suite 208 (425) 453-8822	Crace Inc.
Oregon	Oregon	Tigard	97223	Hilltop Business Center 7360 SW Hunziker St - Ste 106 (503) 968-7711	The Stack Group, Inc.
Oregon	Oregon	Tigard	97223	Hilltop Business Center 7360 SW Hunziker St - Ste 106 (503) 968-7711	The Stack Group, Inc.
Pennsylvania	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook LLC
Pennsylvania	Pennsylvania	Pittsburgh	15212	PO Box 6174 (412) 471- 3500	J.R. Rodgers & Associates, Inc.
Pennsylvania	Pennsylvania	Pittsburgh	15212	PO Box 6174 (412) 471- 3500	J.R. Rodgers & Associates, Inc.
Pennsylvania	Pennsylvania	Allentown	18106	1275 Glenlivet Drive, Suite 100 (610) 783-6500	Leadership Institute, Inc.
Rhode Island	Massachusetts	Waltham	02451	330 Bear Hill Road Suite 203 (781) 894-2700	Performance Training Associates, Inc.
South Carolina	South Carolina	Taylors	29687	16 Wayne Drive (833) 820- 3253	Gilbreath & Associates, LLC

South Carolina	South Carolina	North Charleston	29405	4105 Faber Place Dr., Suite 420 (843) 884-4848	Leadership & Management Solutions LLC
South Dakota	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman Futures LLC
Tennessee	Tennessee	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners, LLC
Tennessee	Tennessee	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners, LLC
Tennessee	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562-6938	Howard Mohorn & Associates, LLC
Texas	Texas	Round Rock	78681	525 Round Rock West Dr. A-145 (512) 349-7000	David N. Wright & Associates, LLC
Texas	Texas	Round Rock	78681	525 Round Rock West Dr. A-145 (512) 349-7000	David N. Wright & Associates, LLC
Texas	Texas	Round Rock	78681	525 Round Rock West Dr. A-145 (512) 349-7000	David N. Wright & Associates, LLC
Texas	California	Ripon	95366	1864 Davidson Ct (209) 200-9560	Delgado & Associates LLC
Texas	Texas	Dallas	75254	Prestonwood Tower 5151 Belt Line Road, Suite 1140 (972) 702-8133	Global Corporate Solutions, LLC
Texas	Arkansas	Little Rock	72211	11300 Executive Center Drive Suite B (901) 562-6938	Howard Mohorn & Associates, LLC
Texas	Louisiana	Baton Rouge	70835	PO Box 40188 (225) 274-2460	The Winner Institute, Inc.
Vermont	Vermont	Essex	05451	PO Box 8253 (802) 879-7219	Vermont Training Solutions, Inc.
Virginia	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook LLC
Virginia	Virginia	Nashville	37214	15 Century Blvd, Ste 303 (615) 399-5101	Business Innovation Partners, LLC
Virginia	Virginia	Virginia Beach	23462	100 Constitution Drive (800) 720-9185	Infotec, LLC
Virginia	Virginia	Richmond	23226	1800 Bayberry Court, Suite 105 (804) 270-0020	J.J. White & Associates
Virginia	Virginia	Goochland	23063	2726 Fairground Road, Box 123 (804) 270-0020	JJ White & Associates, Inc.

Washington	Washington	Bellevue	98005	13555 Bel-Red Road Suite 208 (425) 453-8822	Crace Inc.
Washington	Oregon	Tigard	97223	Hilltop Business Center 7360 SW Hunziker St - Ste 106 (503) 968-7711	The Stack Group, Inc.
West Virginia	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook LLC
West Virginia	Maryland	Timonium	21093	2331 York Road, Suite 202 (410) 560-2188	Brescook, LLC
West Virginia	Virginia	Richmond	23226	1800 Bayberry Court, Suite 105 (804) 270-0020	J.J. White & Associates
West Virginia	Pennsylvania	Pittsburgh	15212	PO Box 6174 (412) 471-3500	J.R. Rodgers & Associates, Inc.
West Virginia	Virginia	Goochland	23063	2726 Fairground Road, Box 123 (804) 270-0020	JJ White & Associates, Inc.
Wisconsin	Wisconsin	Mosinee	54455	1463 County Road X (715) 693-5007	Meyer & Associates, LLC
Wisconsin	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman and Associates LLC
Wisconsin	Wisconsin	West Allis	53214	10909 W. Greenfield Avenue Suite 207 (414) 771-3200	SGB & Associates, LLC
Wisconsin	Wisconsin	Fitchburg	53711	2987 Yarmouth Greenway Dr (608) 222-5363	Siebert Associates, Inc.
Wyoming	Alabama	Birmingham	35236	PO Box 36543 (205) 444-5011	Corporate Change Catalysts Consortium of the West LLC
Wyoming	Minnesota	Edina	55436	4938 Lincoln Drive (952) 548-5600	Norman Futures LLC

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EXHIBIT C

STATE ADMINISTRATORS

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii

Business Registration Division
Department of Commerce and Consumer Affairs
Commissioner of Securities
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

Illinois

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Secretary of State
302 West Washington St., Room E-111
Indianapolis, IN 46204
(317) 232-6681

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 4060
(502) 696-5300

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place, 20th Floor
Baltimore, MD 21202
(410) 576-6360

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
A. Mennen Williams Building 1st Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota
Department of Commerce
Securities Section
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1638

Nebraska
Department of Banking and Finance
526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68508
(402) 471-3445

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st fl
New York, NY 10005
212-416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard
State Capitol – 5th Floor Dept 414

Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
Division of Securities
1511 Pontiac Avenue – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid Ave – Suite 104
Pierre, SD 57501
(605) 773-3563

Texas
Statutory Document Section
Secretary of State
P.O. Box 13193
Austin, Texas 78711
(512) 463-5705

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Department of Financial Institutions
Division of Securities
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-3364

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EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Illinois

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62701

Indiana

Secretary of State
201 State House
Indianapolis, Indiana 46204

200 W. Washington Street, Room 201
Indianapolis, IN 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive – Suite 200
Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan

Department of Consumer and Industry Services
Corporation, Securities, and Land Development Bureau
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48910

Minnesota

Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

New York

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Commissioner
600 East Boulevard
State Capitol – 5th Floor Dept 414
Bismarck, North Dakota 58505-0510

Rhode Island

Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid Ave – Suite 104
Pierre, South Dakota 57501

Texas

Statutory Document Section

Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1ST Floor
Richmond, Virginia 23219

Washington
Washington Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501-9033

Wisconsin
Department of Financial Institutions
Division of Securities
P.O. Box 1768
Madison, Wisconsin 53701

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EXHIBIT E

FINANCIAL STATEMENTS

Dale Carnegie & Associates, Inc.

**Financial Statements and
Independent Auditor's Report**

August 31, 2021 and 2020

Dale Carnegie & Associates, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Balance Sheets	3
Statements of Operations and Comprehensive Income (Loss)	4
Statements of Stockholders' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Board of Directors
Dale Carnegie & Associates, Inc.

We have audited the accompanying financial statements of Dale Carnegie & Associates, Inc., which comprise the balance sheets as of August 31, 2021 and 2020, and the related statements of operations and comprehensive income (loss), stockholders' 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 Dale Carnegie & Associates, Inc. as of August 31, 2021 and 2020, 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.



Jericho, New York
December 22, 2021

Dale Carnegie & Associates, Inc.

Balance Sheets
August 31, 2021 and 2020
(In thousands, except share amounts)

	2021	2020
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 9,439	\$ 6,723
Restricted cash	494	494
Accounts receivable (net of allowance for doubtful accounts of \$569 and \$560 at 2021 and 2020, respectively)	2,956	2,109
Inventory	278	580
Prepaid expenses and other current assets	689	589
Current portion of long-term receivables (net of allowance for doubtful accounts of \$140 and \$75 at 2021 and 2020, respectively)	-	5
Total current assets	13,856	10,500
Fixed assets, net	2,681	3,521
Long-term receivables, net	-	70
Other assets	101	70
Total	\$ 16,638	\$ 14,161
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,367	\$ 4,011
Deferred income	2,852	1,874
Notes payable - officers	-	305
Current portion of postretirement benefit cost	67	69
Current portion of long-term debt	2,099	2,542
Current portion of SBA Paycheck Protection Program loan payable	131	-
Total current liabilities	10,516	8,801
Long-term debt, less current portion	22	119
SBA Paycheck Protection Program loan payable	1,841	1,705
Deferred rent	1,000	687
Other long-term liabilities	250	250
Postretirement benefit cost	692	823
Total liabilities	14,321	12,385
Commitments and contingencies		
Stockholders' equity		
Common stock; no par value; 1,000 shares authorized and issued; 494 shares outstanding	10	10
Additional paid-in capital	739	739
Treasury stock (506 shares at cost)	(4,679)	(4,679)
Retained earnings	5,657	5,178
Accumulated other comprehensive income	590	528
Total stockholders' equity	2,317	1,776
Total	\$ 16,638	\$ 14,161

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Statements of Operations and Comprehensive Income (Loss)
Years Ended August 31, 2021 and 2020
(In thousands)

	<u>2021</u>	<u>2020</u>
Net revenues	\$ 19,544	\$ 20,103
Costs and expenses		
Operating expenses	3,630	4,041
General and administrative expenses	<u>16,277</u>	<u>18,649</u>
Total cost and expenses	<u>19,907</u>	<u>22,690</u>
Income (loss) from operations	(363)	(2,587)
Other income, net	<u>1,676</u>	<u>187</u>
Income (loss) before provision for income taxes	1,313	(2,400)
Provision for income taxes	<u>484</u>	<u>589</u>
Net income (loss)	<u>829</u>	<u>(2,989)</u>
Other comprehensive income		
Change in funded status of postretirement plan, net of tax of \$11 and \$11 in fiscal 2021 and 2020, respectively	<u>62</u>	<u>23</u>
Total other comprehensive income	<u>62</u>	<u>23</u>
Comprehensive income (loss)	<u><u>\$ 891</u></u>	<u><u>\$ (2,966)</u></u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

**Statements of Stockholders' Equity
Years Ended August 31, 2021 and 2020
(In thousands)**

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total stockholders' equity
Balance, September 1, 2019	\$ 10	\$ 739	\$ 8,467	\$ (4,679)	\$ 505	\$ 5,042
Net loss	-	-	(2,989)	-	-	(2,989)
Other comprehensive income	-	-	-	-	23	23
Distributions to stockholders	-	-	(300)	-	-	(300)
Balance, August 31, 2020	10	739	5,178	(4,679)	528	1,776
Cumulative effect of ASC 606	-	-	(350)	-	-	(350)
Balance, September 1, 2020	10	739	4,828	(4,679)	528	1,426
Net income	-	-	829	-	-	829
Other comprehensive income	-	-	-	-	62	62
Balance, August 31, 2021	<u>\$ 10</u>	<u>\$ 739</u>	<u>\$ 5,657</u>	<u>\$ (4,679)</u>	<u>\$ 590</u>	<u>\$ 2,317</u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Statements of Cash Flows
Years Ended August 31, 2021 and 2020
(In thousands)

	2021	2020
Cash flows from operating activities		
Net income (loss)	\$ 829	\$ (2,989)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	752	1,583
Bad debt expense	84	290
Deferred income taxes	(21)	(29)
Deferred rent	313	240
Forgiveness from SBA Paycheck Protection Program I	(1,705)	-
Change in operating assets and liabilities		
Accounts receivable	(856)	2,347
Inventory	302	9
Prepaid expenses and other current assets	(100)	232
Long-term receivables	-	(72)
Other assets	(10)	341
Accounts payable and accrued liabilities	1,984	(1,743)
Deferred income	628	496
Other long-term liabilities	-	(507)
Postretirement benefit obligation	(71)	(81)
Net cash provided by operating activities	<u>2,129</u>	<u>117</u>
Cash flows from investing activities		
Internally developed software	-	(551)
Purchase of fixed assets	(540)	(527)
Net cash provided by (used in) investing activities	<u>(540)</u>	<u>(1,078)</u>
Cash flows from financing activities		
Repayment of debt	(540)	(535)
Repayment of Officers' notes payable	(305)	-
Proceeds from equipment finance agreements	-	276
Proceeds from line of credit	-	2,000
Proceeds from SBA Paycheck Protection Program II	1,972	1,705
Distributions to stockholders	-	(300)
Net cash provided by financing activities	<u>1,127</u>	<u>3,146</u>
Net increase in cash, cash equivalents and restricted cash	2,716	2,185
Cash, cash equivalents and restricted cash, beginning	<u>7,217</u>	<u>5,032</u>
Cash, cash equivalents and restricted cash, end	<u>\$ 9,933</u>	<u>\$ 7,217</u>
Supplemental disclosures of cash flow data		
Interest paid	<u>\$ 65</u>	<u>\$ 66</u>
Income taxes paid	<u>\$ 6</u>	<u>\$ 5</u>
Conversion of bonus accrual to note payable - officers	<u>\$ -</u>	<u>\$ 305</u>
Fixed assets included in accounts payable	<u>\$ -</u>	<u>\$ 533</u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

Note 1 - Business and summary of significant accounting policies

Business

Dale Carnegie & Associates, Inc. (the "Company") provides training in a variety of fields, including effective speaking, interpersonal relations, management styles, personnel skills, and sales relationships. The Company conducts courses in a Company-owned center and through franchisees operating under 220 franchise agreements.

As of August 31, 2021 and 2020, the Company's franchise agreements in the United States were 86 and 88, respectively. Each U.S. franchise agreement is for a territory that may include various regions in one or multiple states. The Franchise Disclosure Document reports each state (or region within a state) as individual outlets, as such, a franchise agreement may have a defined territory that includes multiple outlets. As of August 31, 2021 and 2020, there were 142 and 141 outlets in the United States, respectively. The Company also had 118 and 125 international franchise agreements as of August 31, 2021 and 2020, respectively.

On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus Disease 2019 ("COVID-19" or "virus") as a global pandemic. The full impact of COVID-19 is unknown and rapidly evolving. The outbreak and any preventative or protective actions that the Company or its customers may take in respect of this virus may result in a period of disruption, including the Company's financial reporting capabilities, its operations generally and could potentially impact the Company's customers, vendors and other third parties. Any resulting financial impact cannot be reasonably estimated at this time, but may materially affect the business and the Company's financial condition and results of operations.

To date, the Company's franchises have experienced temporary closures as a result of government mandated shutdowns and as a result, the franchises have pivoted delivery of services from face to face to live online classes. The Company is currently evaluating the impact of COVID 19 on its financial position and has not yet quantified the related financial impact that may result from the actions taken by the Company and its customers in respect to virus.

Basis of presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Postretirement benefits

The Company applies accounting requirements for pension and other postretirement plans, which require an employer to recognize the overfunded or underfunded status of a defined postretirement plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year the changes occur through other comprehensive income. Such guidance also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet and requires additional disclosure in the notes to the financial statements about certain effects on net periodic benefit cost. The Company currently measures its plan assets and benefit obligations as of the end of its fiscal year, August 31, 2021. In October 2016, the Company closed the plan, and only employees with 28 years or more of service would still be eligible to participate in the plan. See Note 9 for additional details.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance was amended in July 2015 and in June of 2020 and is effective for annual reporting periods beginning

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

after December 15, 2019. This update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services, as well as additional qualitative and quantitative disclosures about revenue.

The Company has adopted the ASU and all related amendments and applied it to all uncompleted contracts using the modified retrospective approach. This ASU changed how the Company recognized franchise fee revenue. Under Accounting Standards Codification ("ASC") 606, franchise fee revenue is deferred and recognized over the term of the franchise agreement. The Company recognized the cumulative effect of retrospectively applying the ASU as an adjustment to equity as of September 1, 2020, resulting in a \$350 decrease to equity.

Had the Company not adopted ASC 606 on September 1, 2020, franchise fee revenue would have been approximately \$155 higher for the year ended August 31, 2021, deferred revenue would have been approximately \$505 lower and shareholder's equity would have been approximately \$505 higher as of August 31, 2021.

In January 2021, the FASB issued Subtopic 952-606 *Franchisors - Revenue from Contracts with Customers* as a practical expedient to simplify the application of the guidance about identifying performance obligations under ASC 606. When applying the guidance in Topic 606 a franchisor may account for certain predefined pre-opening services collectively as a single performance obligation, therefore, accounting for it as distinct from the franchise license. The amendments in this update are effective for periods beginning after December 15, 2020 with early application permitted. The Company has elected to early adopt this guidance as of the beginning of fiscal 2021.

Revenue recognition

The Company receives royalty fees under contracts with domestic and international franchisees. The Company recognizes royalty fee income based upon a contracted percentage of actual franchisee collections. License fee income from franchisees approximated \$10,016 and \$11,164 in fiscal 2021 and 2020, respectively. License fee income is recorded net of deductions relating to royalty rebates and franchisee awards. These deductions approximated \$636 and \$724 in fiscal 2021 and 2020, respectively.

Under the Company's contracts with its franchisees, the franchisees in the United States and Canada pay to the Company a marketing fee. Such amounts had previously been recorded as an offset of the related advertising costs. As a result of the adoption of ASC 606, those marketing fees are now a component of revenues of the statement of operations. During the fiscal years ended August 31, 2021 and 2020, the Company recognized \$1,100 and \$1,564, respectively, from franchisees.

Tuition fee income from programs conducted by the Company is recognized on a straight-line basis over individual program durations. Tuition fee income approximated \$6,088 and \$6,243 in fiscal 2021 and 2020, respectively. As of August 31, 2021 and 2020, the Company collected \$2,347 and \$1,874, respectively, in tuition fee income that was not earned, and such amounts are included in deferred income on the balance sheets. As of September 1, 2020, the Company collected \$1,874 in tuition fee income that was not earned.

The Company also earns revenues from the sale of materials used in conjunction with its training programs. Revenue earned from the sale of materials is recognized upon shipment to franchisees, at which time title to such materials is transferred to the franchisee, persuasive evidence of an arrangement exists, the selling price is fixed or determinable, and collectability is reasonably assured. This occurs at the time title and risk of loss pass to the franchisees. Material sales approximated

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

\$1,282 and \$1,502 in fiscal 2021 and 2020, respectively. Further, the Company collected \$912 and \$1,028 in miscellaneous income in fiscal 2021 and 2020, respectively.

The Company collects initial franchise fees in conjunction with entering into new franchise agreements. This franchise fee includes certain pre-opening services such as training and assistance during the initial start of the contract and are typically separated from the license and considered as a distinct performance obligation. The Company determines the initial franchise fee for each contract, which requires judgement, and is based on the revenue target potential of the territory. Revenues from initial franchise fees are deferred and recognized as revenues only when all material services relating to the sale have been substantially performed. The performance obligations are satisfied over time, starting when a territory contract is signed, through the end of the term of the license. Because the Company is transferring licenses to access intellectual property during a contractual term, franchise fee revenue, excluding the pre-opening performance obligation, is recognized on a straight-line basis over the license term. Generally, payment for the initial franchise fee is received upon execution of the licensing agreement. Initial franchise fees received for the years ended 2021 and 2020, that are being recognized over time, approximated \$301 and \$133, respectively. As of August 31, 2021 and September 1, 2020, the Company had deferred revenue related to initial franchise fees of \$505 and \$350, respectively.

Deferred revenue

Deferred revenue represents unearned franchise fees and tuition fees. The Company recognizes this revenue when the fees are earned.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes the change in funded status of the postretirement benefits, net of tax, in the stockholders' equity section of the balance sheets.

Income taxes

The Company has elected to be treated as an "S" corporation for federal and certain state income tax purposes. Accordingly, the taxable income of the Company will generally not be subject to federal and applicable state income taxes at the corporate level, but will be included in the taxable income of the individual stockholders.

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. For uncertain tax positions, ASC 740 requires the Company to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company reviews and evaluates tax positions in its major jurisdictions and determines whether or not there are uncertain tax positions that require financial statement recognition and the recording of a tax liability.

The income tax returns of the Company are subject to examination by certain state and local tax regulators. All tax years after 2017 are open to examination.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period reported. Significant estimates made by management include (i) asset impairments, (ii) allowance for doubtful accounts, (iii) assumptions related to

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

postretirement benefit obligations, and (iv) income taxes. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all investments with maturities when purchased of three months or less to be cash equivalents. As of August 31, 2021 and 2020, the Company had no cash equivalents.

Restricted cash

The Company's restricted cash is a money market savings account that is utilized as collateral to the Company's bank lender. The account was opened in October 2018. As of August 31, 2021, the interest rate earned on the account is 0.01%.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statements of cash flows:

	2021	2020
Cash and cash equivalents	\$ 9,439	\$ 6,723
Restricted cash	494	494
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 9,933</u>	<u>\$ 7,217</u>

Trade receivables and allowance for doubtful accounts

The Company derives revenue primarily from license fees under contracts with domestic and international franchisees, as well as sales from course supplies sold to franchisees to satisfy the training needs of such franchisees. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables past due more than 30 days are considered delinquent. Receivables are written off when deemed uncollectable. There are also long-term receivables, which are also recorded net of an allowance.

Inventory

Inventory, primarily texts and course materials, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease or life of the improvement, whichever is shorter. Maintenance and repairs are charged to income as incurred, and renewals and betterments are capitalized. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respected accounts, and the resulting gain or loss, if any, is reflected in earnings.

Evaluation of long-lived assets

The Company assesses the carrying value of its long-lived assets for possible impairment to determine if the carrying amount of such assets exceeds the expected future undiscounted cash flows to be generated from the assets, including eventual disposition. The Company reviews its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying value amount of such assets may not be fully recoverable. If the estimated future cash flows

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

on an undiscounted basis are less than the carrying value of the asset, an impairment loss is recognized based on the fair value of the asset. There was no impairment loss for the years ended August 31, 2021 and 2020.

Software costs

The Company's computer software balances consist of both purchased software as well as internally developed software. The Company accounts for the costs of internally developed software and purchased software by capitalizing the costs of materials and services consumed in developing or obtaining the internal-use computer software after software has been deemed technologically feasible. Amortization is provided using the straight-line method over the estimated useful life. Amortization expense in fiscal 2021 and 2020 was \$348 and \$1,165, respectively. Such amount is included in operating expenses in the statements of operations and comprehensive income (loss). Unamortized computer software costs included in fixed assets as of August 31, 2021 and 2020 were \$138 and \$1,527, respectively.

Advertising

Other international franchisees are provided the option to demonstrate that the funds required to be spent on advertising and marketing were spent by the franchisee. If the franchisee has not spent the full amount of the required advertising and marketing funds, the remainder is remitted to the Company and is included in revenue. The Company, at its discretion, will spend those funds on advertising and marketing. As of August 31, 2021 and 2020, \$189 and \$140, respectively, were included in accounts payable and accrued liabilities.

Long-term incentive plan

As part of the employment agreements with the CEO and CFO, the Company created a long-term incentive plan. The CEO and CFO can earn bonuses based on certain performance measures over a three-year period. In October 2016, the Company expanded the plan to include three other executives of the Company. At the end of each fiscal year, the Company accrues the bonus associated with the plan if the targets were met. During the years ended August 31, 2021 and 2020, the Company did not accrue compensation under the plan.

In January 2020, the company and the executives entered into promissory notes to pay the long-term incentive plan earned in fiscal 2019. The notes have an interest rate of 3.00% and mature on June 30, 2021. In February 2021, the \$305 was paid in full with related interest of \$10.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU is a comprehensive new leases standard that amends various aspects of existing guidance for leases and requires additional disclosures about leasing arrangements. It will require companies to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The ASU is effective for annual periods beginning after December 15, 2021, including interim periods within those fiscal years; earlier adoption is permitted. In the financial statements in which the ASU is first applied, leases shall be measured and recognized at the beginning of the earliest comparative period presented with an adjustment to equity. Practical expedients are available for election as a package and if applied consistently to all leases. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Subsequent events

The Company has performed an evaluation of subsequent events through December 22, 2021, the date the financial statements were available to be issued, to determine if there are any additional disclosures required.

Note 2 - Accounts receivable, net

Accounts receivable, net as of August 31, 2021 and 2020 consist of the following:

	2021	2020
Accounts receivable, franchisees	\$ 2,671	\$ 2,089
Accounts receivable, tuition and trade	854	580
	3,525	2,669
Less allowance for doubtful accounts	(569)	(560)
Accounts receivable, net	<u>\$ 2,956</u>	<u>\$ 2,109</u>

Note 3 - Fixed assets, net

Fixed assets, net as of August 31, 2021 and 2020 consist of the following:

	Estimated useful lives in years	2021	2020
Leasehold improvements	7	\$ 1,785	\$ 1,785
Furniture and equipment	10	758	758
Computer hardware	3-5	366	360
Software	3-5	<u>2,217</u>	<u>2,312</u>
		5,126	5,215
Less accumulated depreciation and amortization		<u>(2,445)</u>	<u>(1,694)</u>
Fixed assets, net		<u>\$ 2,681</u>	<u>\$ 3,521</u>

Depreciation and amortization expense amounted to \$752 and \$1,583 for the years ended August 31, 2021 and 2020, respectively. The Company wrote off \$1,603 of fully depreciated old website costs during fiscal 2020.

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Note 4 - Long-term receivables, net

Long-term receivables, net as of August 31, 2021 and 2020, consist of the following:

	2021	2020
Long-term receivables - franchisees	\$ 140	\$ 150
Less allowance for doubtful accounts	(140)	(75)
	-	75
Less current portion of long-term receivables	-	(5)
Long-term receivables, net	\$ -	\$ 70

Long-term receivables represent notes from troubled franchisees. The notes have monthly installments with interest rates of up to 5.50%.

Note 5 - Other assets

Other assets at August 31, 2021 and 2020 are composed of the following:

	2021	2020
Deferred tax asset (See Note 7)	\$ 52	\$ 31
Security deposit	49	39
Other assets	\$ 101	\$ 70

Note 6 - Other income, net

Other income, net at August 31, 2021 and 2020 is comprised of:

	2021	2020
Interest income	\$ 51	\$ 89
Interest expense	(80)	(75)
Loan forgiveness - Paycheck Protection Program I	1,705	-
Legal settlement	-	173
Other income (loss), net	\$ 1,676	\$ 187

Dale Carnegie & Associates, Inc.

Notes to Financial Statements
August 31, 2021 and 2020

Note 7 - Income taxes

The income tax provision for the years ended August 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
State and local		
Current	\$ 5	\$ (17)
Deferred	(21)	(29)
Foreign	<u>500</u>	<u>635</u>
Income tax provision	<u>\$ 484</u>	<u>\$ 589</u>

Deferred tax assets reflect the future income tax effects of temporary differences of the financial statement carrying amounts of assets and liabilities and their respective tax bases, and are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered.

The significant components of the Company's deferred tax assets and liabilities as of August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Deferred tax assets (liabilities)		
Accrued liabilities	\$ 40	\$ 15
Postretirement benefits	(23)	(21)
Accounts receivable, inventory reserve, and others	18	17
Depreciation and amortization	(18)	(29)
Net operating loss	35	17
Other comprehensive income	-	-
SBA PPP funded expenses	<u>-</u>	<u>32</u>
Deferred tax assets	<u>\$ 52</u>	<u>\$ 31</u>

The net deferred tax assets at August 31, 2021 and 2020 of \$52 and \$31, respectively, are included in other assets on the balance sheets.

Foreign taxes arise from taxes withheld by foreign governments on the payment of royalties and franchise fees to the Company.

Note 8 - 401(k) plan

The Company has a defined contribution savings and investment plan. Substantially all employees are eligible to participate in the plan once certain minimum requirements are met. The plan provides for the tax deferral features of employee contributions under Section 401(k) of the Internal Revenue Code. The Company provides a discretionary contribution to the plan. The Company's contributions for each of the years ended August 31, 2021 and 2020 were \$150 and \$0, respectively. Such amount is included within the general and administrative expenses section on the statements of operations and comprehensive income (loss).

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Note 9 - Postretirement benefits

The Company provides health care benefits for certain retired employees and their spouses. Spousal coverage for those retiring on or after September 1, 1995 has been discontinued. Currently, all of the Company's full-time employees become eligible for these benefits after attaining specified years of service and retirement age. Depending upon years of service, participants must contribute a portion of the costs of such benefits. The Company's postretirement health care plans are not funded.

As required, the accrual method of accounting is based on actuarially determined costs to be recognized over the period the employee provides service to the Company. During fiscal 2014, the Company modified the potential benefits available under this plan, limiting the benefits for any current employee to a maximum of \$10,000 per employee per year. In October 2016, the Company decided to no longer continue the plan. Only employees with at least 28 years of service as of October 2016 would remain eligible for the plan.

The following tables provide key information pertaining to the Company's postretirement benefits plan as of August 31, 2021 and 2020. The measurement dates for determination of the postretirement benefits plan were August 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Change in postretirement benefit obligation		
Postretirement benefit obligation, beginning of year	\$ 892	\$ 996
Service cost	-	2
Interest cost	18	24
Actuarial loss (gain)	(111)	(100)
Benefits paid	<u>(40)</u>	<u>(30)</u>
Postretirement benefit obligation, end of year	<u><u>\$ 759</u></u>	<u><u>\$ 892</u></u>

	<u>2021</u>	<u>2020</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ -	\$ -
Actual employer contributions	40	30
Actual benefits paid	<u>(40)</u>	<u>(30)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Net amount recognized, end of year	759	892
Less current portion of postretirement benefit cost	<u>67</u>	<u>69</u>
Long-term portion of postretirement benefit cost	<u><u>\$ 692</u></u>	<u><u>\$ 823</u></u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Amounts recognized in accumulated other comprehensive income as of August 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 528	\$ 505
Net gain (loss)	111	100
Amortization of prior service credit	3	3
Amortization of net gain	<u>(52)</u>	<u>(80)</u>
Accumulated other comprehensive income (after tax effects of \$11 in fiscal 2021 and \$11 in fiscal 2020)	<u>\$ 590</u>	<u>\$ 528</u>

Amounts recognized in net periodic postretirement benefits credit for the years ended August 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Service cost	\$ -	\$ 2
Interest cost	18	24
Expected return on plan assets	-	-
Amortization of transition obligation	-	-
Deferral of unrecognized net gain	-	-
Amortization of prior service credit	3	3
Amortization of net gain	<u>(52)</u>	<u>(80)</u>
Net periodic postretirement benefits credit	<u>\$ (31)</u>	<u>\$ (51)</u>

The estimated net gain and prior service credit for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$53 and \$3, respectively. During fiscal 2022, \$67 in benefits is expected to be paid.

Weighted-average assumptions used to determine the postretirement benefits obligation at August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Weighted-average assumptions, August 31		
Discount rate	2.39%	2.32%
Expected return on plan assets	N/A	N/A
Assumed health care cost trend rates, August 31		
Health care cost trend rate for next year	4.70%	4.20%
Rate to which the cost trend rate is assumed to decline	3.70%	3.70%
Year that the rate reaches the ultimate trend rate	2073	2073

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Benefits expected to be paid in the future under this plan at August 31, 2021 are as follows:

2022	67
2023	65
2024	54
2025	50
2026	48
2027-2031	188

Note 10 - Long-term debt

Long-term debt at August 31, 2021 and 2020 consists of the following:

	2021	2020
Long-term debt - equipment finance	\$ 121	\$ 661
Line of credit	2,000	2,000
Total	2,121	2,661
Less current portion of long-term debt	2,099	2,542
Long-term debt	<u>\$ 22</u>	<u>\$ 119</u>

Equipment finance agreement

The Company entered into two equipment finance agreements totaling \$1,676 with JP Morgan Chase Bank, N.A. \$276 was entered into in fiscal 2020 and \$1,400 was entered into in 2018. The term of the agreements is 36 months from the commencement date through November 2023, with interest rates ranging from 4.49% through 5.15% per annum. The 2018 equipment loan has been fully paid off as of August 31, 2021.

Line of credit

In March 2020, the Company entered into a line of credit agreement with JP Morgan Chase Bank, N.A. for \$3,000. Interests on borrowings is payable monthly at the Adjusted LIBOR Rate (2.24% at August 31, 2021). The Company must pay all outstanding amounts plus interest on or before the expiration date, February 28, 2021. Borrowings under the line of credit are secured by Company assets.

During FY 2021, the Company extended the expiration of the line of credit with JP Morgan Chase Bank through August 31, 2022 and reduced the line to \$2,500. The outstanding balance as of August 31, 2021 is \$2,000 with an unused portion of \$500.

Principal payments to be paid in the future are as follows:

2022	\$ 2,099
2023	<u>22</u>
Total	<u>\$ 2,121</u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2021 and 2020**

Note 11 - SBA Payroll Protection Program loan payable

In response to COVID-19, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") on March 27, 2020. The CARES Act provides numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, temporary suspension of certain payment requirements for the employer portion of Social Security taxes, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property, and the creation of certain refundable employee retention credits. Additionally, the CARES Act contains relief for small businesses through several new temporary programs, one of which is the Paycheck Protection Program ("PPP"). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

The Company applied for two PPP loans under this program, referred to as "PPP I" and "PPP II." As of August 31, 2020, the Company received PPP I in the amount of \$1,705. As of August 31, 2021, the Company received a second PPP loan, PPP II, in the amount of \$1,972. The SBA provides a "safe harbor" for borrowers and has deemed certifications regarding the necessity of the loan to have been made in good faith for borrowers of less than \$2 million. PPP I obtained in FY 2020 was fully forgiven as of April 2021 and is included in Other income on the statement of operations and comprehensive income (loss). PPP II is scheduled to mature on February 9, 2026, has a 0.98% interest rate, may be prepaid at any time without penalty and is subject to the terms and conditions applicable to all loans made pursuant to the PPP as administered by the SBA under the CARES Act. The loan and accrued interest is forgivable after 24 weeks so long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. In accordance with the requirements for forgiveness of the CARES Act, the Company has used the entire proceeds from the PPP loans for eligible payroll, benefits, rent, utility costs, and has maintained its employment levels.

If the Company does not apply for forgiveness for PPP II, the current portion of this loan, including interest that is due within the next 12 months, is \$131, and the long-term portion due in fiscal year ended August 31, 2023 is \$1,841.

Note 12 - Operating leases

The Company rents office and classroom facilities under short-term and long-term leases expiring through 2029. Certain leases contain escalation clauses.

At August 31, 2021, the Company was obligated under long-term non-cancellable operating leases as follows:

2022	\$	1,057
2023		1,057
2024		1,017
2025		1,012
2026		1,012
Thereafter		<u>1,823</u>
Total	\$	<u>6,978</u>

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2021 and 2020

Rent expense, including rents calculated on the straight-line method, was \$1,246 and \$1,323 in fiscal 2021 and 2020, respectively. Such amounts are recorded in the general and administrative expenses section in the statements of operations and comprehensive income (loss).

As of August 31, 2021 and 2020, the Company had \$494 in a stand-by letter of credit outstanding as security for a leased facility. This letter of credit is secured by cash balances of the Company.

In September 2020, the Company amended its lease for its New York City office to request a temporary abatement in its fixed rent obligations under the lease and an extension of the lease term.

Note 13 - Repurchase agreement

The Company has an agreement with all stockholders for the repurchase of shares of its stock in the event a stockholder desires to sell his/her shares and such shares are not purchased by another existing stockholder. The purchase price for each share shall be the greater of (i) the book value of such share as shown on the balance sheet of the Company at the time of sale, or (ii) an amount equal to five times the average annual net income of the Company after taxes divided by the number of shares outstanding for the five fiscal years immediately preceding the transfer of shares.

Note 14 - Concentrations of credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and trade receivables.

Cash balances may, at times, exceed federally insured amounts. The amount that exceeded the FDIC insurable limit was approximately \$9,700 and \$7,300 as of August 31, 2021 and 2020, respectively. The Company believes it mitigates credit risk by maintaining the majority of its cash and cash equivalents with major financial institutions. Recoverability is dependent upon the performance of the institution.

The Company's trade accounts receivable are principally from franchisees. No one franchisee represents more than 10% of revenue or accounts receivable. The Company performs ongoing evaluations of its franchisees' financial condition and generally does not require collateral. In addition, upon a franchisee's default in paying its obligations to the Company, the Company may reassign the franchisee's territory to a successor franchisee. In that event, the successor franchisee would be responsible, up to contractually established limits, to repay the defaulting franchisee's outstanding debt.

Note 15 - Contingencies

Legal matters

The Company is a party to certain legal matters in the ordinary course of business. Management believes that the resolution of such matters will not have a material effect on the financial position, results of operations or cash flows of the Company.



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Dale Carnegie & Associates, Inc.

**Financial Statements and
Independent Auditor's Report**

August 31, 2020 and 2019

Dale Carnegie & Associates, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Balance Sheets	3
Statements of Operations and Comprehensive Loss	4
Statements of Stockholders' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Board of Directors
Dale Carnegie & Associates, Inc.

We have audited the accompanying financial statements of Dale Carnegie & Associates, Inc., which comprise the balance sheets as of August 31, 2020 and 2019, and the related statements of operations and comprehensive loss, stockholders' 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 Dale Carnegie & Associates, Inc. as of August 31, 2020 and 2019, 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.



Jericho, New York
December 21, 2020

Dale Carnegie & Associates, Inc.

Balance Sheets
August 31, 2020 and 2019
(In thousands, except share amounts)

	2020	2019
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 6,723	\$ 4,538
Restricted cash	494	494
Accounts receivable (net of allowance for doubtful accounts of \$560 and \$585 at 2020 and 2019, respectively)	2,109	4,746
Inventory	580	589
Prepaid expenses and other current assets	589	821
Current portion of long-term receivables (net of allowance for doubtful accounts of \$75 and \$0, respectively)	5	3
Total current assets	10,500	11,191
Fixed assets, net	3,521	3,493
Long-term receivables, net	70	-
Other assets	70	382
Total	\$ 14,161	\$ 15,066
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,011	\$ 5,526
Deferred income	1,874	1,378
Notes payable - officers	305	-
Current portion of postretirement benefit cost	69	81
Current portion of long-term debt	2,542	468
Total current liabilities	8,801	7,453
Long-term debt, less current portion	119	452
SBA Paycheck Protection Program loan payable	1,705	-
Deferred rent	687	447
Other long-term liabilities	250	757
Postretirement benefit cost	823	915
Total liabilities	12,385	10,024
Commitments and contingencies		
Stockholders' equity		
Common stock; no par value; 1,000 shares authorized and issued; 494 shares outstanding	10	10
Additional paid-in capital	739	739
Treasury stock (506 shares at cost)	(4,679)	(4,679)
Retained earnings	5,178	8,467
Accumulated other comprehensive income	528	505
Total stockholders' equity	1,776	5,042
Total	\$ 14,161	\$ 15,066

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Statements of Operations and Comprehensive Loss
Years Ended August 31, 2020 and 2019
(In thousands)

	<u>2020</u>	<u>2019</u>
Net revenues	\$ 20,103	\$ 27,989
Costs and expenses		
Operating expenses	4,041	5,807
General and administrative expenses	<u>18,649</u>	<u>22,096</u>
Total cost and expenses	<u>22,690</u>	<u>27,903</u>
Income (loss) from operations	(2,587)	86
Other income, net	<u>187</u>	<u>145</u>
Income (loss) before provision for income taxes	(2,400)	231
Provision for income taxes	<u>589</u>	<u>767</u>
Net loss	<u>(2,989)</u>	<u>(536)</u>
Other comprehensive income (loss)		
Change in funded status of postretirement plan, net of tax of \$11 and \$8 in fiscal 2020 and 2019, respectively	<u>23</u>	<u>(274)</u>
Total other comprehensive income (loss)	<u>23</u>	<u>(274)</u>
Comprehensive loss	<u><u>\$ (2,966)</u></u>	<u><u>\$ (810)</u></u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Statements of Stockholders' Equity
Years Ended August 31, 2020 and 2019
(In thousands)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total stockholders' equity
Balance, September 1, 2018	\$ 10	\$ 739	\$ 10,212	\$ (4,679)	\$ 779	\$ 7,061
Net loss	-	-	(536)	-	-	(536)
Other comprehensive loss	-	-	-	-	(274)	(274)
Distributions to stockholders	-	-	(1,209)	-	-	(1,209)
Balance, August 31, 2019	10	739	8,467	(4,679)	505	5,042
Net loss	-	-	(2,989)	-	-	(2,989)
Other comprehensive income	-	-	-	-	23	23
Distributions to stockholders	-	-	(300)	-	-	(300)
Balance, August 31, 2020	<u>\$ 10</u>	<u>\$ 739</u>	<u>\$ 5,178</u>	<u>\$ (4,679)</u>	<u>\$ 528</u>	<u>\$ 1,776</u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Statements of Cash Flows
Years Ended August 31, 2020 and 2019
(In thousands)

	2020	2019
Cash flows from operating activities		
Net loss	\$ (2,989)	\$ (536)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	1,583	984
Bad debt expense	290	72
Deferred income taxes	(29)	70
Deferred rent	240	(5)
Loss on sale of fixed asset	-	30
Change in operating assets and liabilities		
Accounts receivable	2,347	339
Inventory	9	(153)
Prepaid expenses and other current assets	232	127
Long-term receivables	(72)	229
Other assets	341	(312)
Accounts payable and accrued liabilities	(1,743)	(904)
Deferred income	496	25
Other long-term liabilities	(507)	(176)
Postretirement benefit obligation	(81)	(178)
Net cash provided by (used in) operating activities	<u>117</u>	<u>(388)</u>
Cash flows from investing activities		
Tenant improvement payments received from landlord	-	32
Internally developed software	(551)	(209)
Purchase of fixed assets	(527)	(754)
Net cash (used in) investing activities	<u>(1,078)</u>	<u>(931)</u>
Cash flows from financing activities		
Repayment of debt	(535)	(442)
Proceeds from equipment finance agreements	276	-
Proceeds from line of credit	2,000	-
Proceeds from SBA Paycheck Protection Program	1,705	-
Distributions to stockholders	(300)	(1,209)
Net cash provided by (used in) financing activities	<u>3,146</u>	<u>(1,651)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	2,185	(2,970)
Cash, cash equivalents and restricted cash, beginning	<u>5,032</u>	<u>8,002</u>
Cash, cash equivalents and restricted cash, end	<u>\$ 7,217</u>	<u>\$ 5,032</u>
Supplemental disclosures of cash flow data		
Interest paid	<u>\$ 66</u>	<u>\$ 60</u>
Income taxes paid	<u>\$ 5</u>	<u>\$ 6</u>
Conversion of bonus accrual to note payable - officers	<u>\$ 305</u>	<u>\$ -</u>
Fixed assets included in accounts payable	<u>\$ 533</u>	<u>\$ 269</u>

See Notes to Financial Statements.

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Note 1 - Business and summary of significant accounting policies

Business

Dale Carnegie & Associates, Inc. (the "Company") provides training in a variety of fields, including effective speaking, interpersonal relations, management styles, personnel skills, and sales relationships. The Company conducts courses in a Company-owned center and through franchisees operating under 220 franchise agreements.

On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus Disease 2019 ("COVID-19" or "virus") as a global pandemic. The full impact of COVID-19 is unknown and rapidly evolving. The outbreak and any preventative or protective actions that the Company or its customers may take in respect of this virus may result in a period of disruption, including the Company's financial reporting capabilities, its operations generally and could potentially impact the Company's customers, vendors and other third parties. Any resulting financial impact cannot be reasonably estimated at this time, but may materially affect the business and the Company's financial condition and results of operations.

To date, the Company's franchises have experienced temporary closures as a result of government mandated shutdowns and as a result, the franchises have pivoted delivery of services from face to face to live online classes. The Company is currently evaluating the impact of COVID 19 on its financial position and has not yet quantified the related financial impact that may result from the actions taken by the Company and its customers in respect of this virus.

Basis of presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Postretirement benefits

The Company applies accounting requirements for pension and other postretirement plans, which require an employer to recognize the overfunded or underfunded status of a defined postretirement plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year the changes occur through other comprehensive income. Such guidance also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet and requires additional disclosure in the notes to the financial statements about certain effects on net periodic benefit cost. The Company currently measures its plan assets and benefit obligations as of the end of its fiscal year, August 31, 2020. In October 2016, the Company closed the plan, and only employees with 28 years or more of service would still be eligible to participate in the plan. See Note 9 for additional details.

Revenue recognition

The Company receives royalty fees under contracts with domestic and international franchisees. The Company recognizes royalty fee income based upon a contracted percentage of actual franchisee collections. License fee income from franchisees approximated \$11,164 and \$16,436 in fiscal 2020 and 2019, respectively. License fee income is recorded net of deductions relating to royalty rebates and franchisee awards. These deductions approximated \$724 and \$1,388 in fiscal 2020 and 2019, respectively.

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Tuition fee income from programs conducted by the Company is recognized on a straight-line basis over individual program durations. Tuition fee income approximated \$6,243 and \$7,880 in fiscal 2020 and 2019, respectively. As of August 31, 2020 and 2019, the Company collected \$1,874 and \$1,378, respectively, in tuition fee income that was not earned, and such amounts are included in deferred income on the balance sheets.

The Company also earns revenues from the sale of materials used in conjunction with its training programs. Revenue earned from the sale of materials is recognized upon shipment to franchisees, at which time title to such materials is transferred to the franchisee, persuasive evidence of an arrangement exists, the selling price is fixed or determinable, and collectability is reasonably assured. This occurs at the time title and risk of loss pass to the franchisees. Material sales approximated \$1,502 and \$2,616 in fiscal 2020 and 2019, respectively.

The Company collects initial franchise fees in conjunction with entering into new franchise agreements. Revenues from initial franchise fees are deferred and recognized as revenues only when all material services relating to the sale have been substantially performed. Franchise fee income approximated \$133 and \$206 in fiscal 2020 and 2019, respectively. Further, the Company collected \$1,028 and \$851 in miscellaneous income in fiscal 2020 and 2019, respectively.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes the change in funded status of the postretirement benefits, net of tax, in the stockholders' equity section of the balance sheets.

Income taxes

The Company has elected to be treated as an "S" corporation for federal and certain state income tax purposes. Accordingly, the taxable income of the Company will generally not be subject to federal and applicable state income taxes at the corporate level, but will be included in the taxable income of the individual stockholders.

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, *Income Taxes*. For uncertain tax positions, ASC 740 requires the Company to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company reviews and evaluates tax positions in its major jurisdictions and determines whether or not there are uncertain tax positions that require financial statement recognition and the recording of a tax liability.

The income tax returns of the Company are subject to examination by certain state and local tax regulators. All tax years after 2016 are open to examination.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period reported. Significant estimates made by management include (i) asset impairments, (ii) allowance for doubtful accounts, (iii) assumptions related to postretirement benefit obligations, and (iv) income taxes. Actual results could differ from those estimates.

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Reclassifications

Certain reclassification of prior year balances were made to conform to the current year presentation of restricted cash.

Cash and cash equivalents

The Company considers all investments with maturities when purchased of three months or less to be cash equivalents. As of August 31, 2020 and 2019, the Company had no cash equivalents.

Restricted cash

During the year ended August 31, 2020, the Company adopted Accounting Standards Update No. 2016-18, *Statement of Cash Flows* ("ASU 2016-18"), which requires the inclusion of restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Company's restricted cash is a \$494 money market savings account that is utilized as collateral to the Company's bank lender. The account was opened in October 2018. As of August 31, 2020, the interest rate earned on the account is 0.01%.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statements of cash flows.

	2020	2019
Cash and cash equivalents	\$ 6,723	\$ 4,538
Restricted Cash	494	494
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 7,217</u>	<u>\$ 5,032</u>

Trade receivables and allowance for doubtful accounts

The Company derives revenue primarily from license fees under contracts with domestic and international franchisees, as well as sales from course supplies sold to franchisees to satisfy the training needs of such franchisees. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables past due more than 30 days are considered delinquent. Receivables are written off when deemed uncollectable. There are also long-term receivables, which are also recorded net of an allowance.

Inventory

Inventory, primarily texts and course materials, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease or life of the improvement, whichever is shorter. Maintenance and repairs are charged to income as incurred, and renewals and betterments are capitalized. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respected accounts, and the resulting gain or loss, if any, is reflected in earnings.

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Evaluation of long-lived assets

The Company assesses the carrying value of its long-lived assets for possible impairment to determine if the carrying amount of such assets exceeds the expected future undiscounted cash flows to be generated from the assets, including eventual disposition. The Company reviews its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying value amount of such assets may not be fully recoverable. If the estimated future cash flows on an undiscounted basis are less than the carrying value of the asset, an impairment loss is recognized based on the fair value of the asset. There was no impairment loss for the years ended August 31, 2020 and 2019.

Software costs

The Company's computer software balances consist of both purchased software as well as internally developed software. The Company accounts for the costs of internally developed software and purchased software by capitalizing the costs of materials and services consumed in developing or obtaining the internal-use computer software after software has been deemed technologically feasible. Amortization is provided using the straight-line method over the estimated useful life. Amortization expense in fiscal 2020 and 2019 was \$1,165 and \$618, respectively. Such amount is included in operating expenses in the statements of operations and comprehensive income (loss). Unamortized computer software costs included in fixed assets as of August 31, 2020 and 2019 were \$1,527 and \$1,105, respectively.

Advertising

Under the Company's contracts with its franchisees, the franchisees in the United States and Canada pay to the Company a marketing fee. Such amounts have been recorded as an offset of the related advertising costs. During the fiscal years ended August 31, 2020 and 2019, the Company collected \$1,564 and \$2,142, respectively, from franchisees.

Other international franchisees are provided the option to demonstrate that the funds required to be spent on advertising and marketing were spent by the franchisee. If the franchisee has not spent the full amount of the required advertising and marketing funds, the remainder is remitted to the Company and is included in revenue. The Company, at its discretion, will spend those funds on advertising and marketing. As of August 31, 2020 and 2019, \$140 and \$302, respectively, were included in accounts payable and accrued liabilities.

Long-term incentive plan

As part of the employment agreements with the CEO and CFO, the Company created a long-term incentive plan. The CEO and CFO can earn bonuses based on certain performance measures over a three-year period. In October 2016, the Company expanded the plan to include three other executives of the Company. At the end of each fiscal year, the Company accrues the bonus associated with the plan if the targets were met. During the year ended August 31, 2020, the Company did not accrue compensation under the plan.

In January 2020, the company and the executives entered into promissory notes to pay the long-term incentive plan earned in fiscal 2019. The notes bear interest of 3.00% and mature on June 30, 2021. The principal balance and interest accrued on the notes payable as of August 31, 2020 is \$305 and \$6, respectively, which is included in notes payable-officers and accounts payable and accrued liabilities on the balance sheet.

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Recent accounting pronouncements

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-05 ("ASU 2020-05"), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The core principle of Topic 606, which replaces most existing revenue recognition guidance with a five-step framework, is that revenue from contracts with customers is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods and services. As a franchisor, this will impact how the Company accounts for its franchise fees. Upon its adoption, Topic 842 replaces existing lease accounting guidance and requires lessees to recognize right of use assets and corresponding lease liabilities for their leases other than those on their balance sheets for all leases, including those classified as operating, except for short-term leases. Lessor accounting under Topic 842 is largely unchanged when compared to existing guidance.

The Company has elected to apply the deferrals provided by ASU 2020-05 and, therefore, expects to adopt (i) Topic 606 for annual reporting periods beginning after December 15, 2019; and (ii) Topic 842 for fiscal years beginning after December 15, 2021. The Company is currently evaluating the potential impacts of adopting Topic 606 and Topic 842 on its financial statements.

Subsequent events

The Company has performed an evaluation of subsequent events through December 21, 2020, the date the financial statements were available to be issued, to determine if there are any additional disclosures required.

Note 2 - Accounts receivable, net

Accounts receivable, net as of August 31, 2020 and 2019 consist of the following:

	2020	2019
Accounts receivable, franchisees	\$ 2,089	\$ 4,459
Accounts receivable, tuition and trade	580	872
	2,669	5,331
Less allowance for doubtful accounts	(560)	(585)
Accounts receivable, net	<u>\$ 2,109</u>	<u>\$ 4,746</u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Note 3 - Fixed assets, net

Fixed assets, net as of August 31, 2020 and 2019 consist of the following:

	Estimated useful lives in years	2020	2019
Leasehold improvements	7	\$ 1,785	\$ 1,785
Furniture and equipment	10	758	750
Computer hardware	3-5	360	345
Software	3-5	<u>2,312</u>	<u>2,327</u>
		5,215	5,207
Less accumulated depreciation and amortization		<u>(1,694)</u>	<u>(1,714)</u>
Fixed assets, net		<u>\$ 3,521</u>	<u>\$ 3,493</u>

Depreciation and amortization expense amounted to \$1,583 and \$984 for the years ended August 31, 2020 and 2019, respectively. The Company wrote off \$1,603 of fully depreciated old website costs during fiscal 2020.

Note 4 - Long-term receivables, net

Long-term receivables, net as of August 31, 2020 and 2019, consist of the following:

	2020	2019
Long-term receivables - franchisees	\$ 150	\$ 3
Less allowance for doubtful accounts	<u>(75)</u>	<u>-</u>
	75	3
Less current portion of long-term receivables	<u>(5)</u>	<u>(3)</u>
Long-term receivables, net	<u>\$ 70</u>	<u>\$ -</u>

Long-term receivables represent notes from troubled franchisees. The notes have monthly installments with interest rates of up to 5.50%.

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Aggregate maturities of long-term receivables, net at August 31, 2020 are as follows:

2021	\$	6
2022		55
2023		<u>14</u>
Total	<u>\$</u>	<u>75</u>

Note 5 - Other assets

Other assets at August 31, 2020 and 2019 are composed of the following:

	<u>2020</u>	<u>2019</u>
Deferred tax asset (See Note 7)	\$ 31	\$ 4
Security deposit	<u>39</u>	<u>378</u>
Other assets	<u>\$ 70</u>	<u>\$ 382</u>

Note 6 - Other income, net

Other income, net at August 31, 2020 and 2019 is comprised of:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 89	\$ 100
Interest expense	(75)	(68)
Loss on disposal of fixed asset	-	(30)
License fee income	-	80
Payment from trust	-	63
Legal settlement	<u>173</u>	<u>-</u>
Other income, net	<u>\$ 187</u>	<u>\$ 145</u>

Note 7 - Income taxes

The income tax provision for the years ended August 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
State and local		
Current	\$ (17)	\$ 4
Deferred	(29)	68
Foreign	<u>635</u>	<u>695</u>
Income tax provision	<u>\$ 589</u>	<u>\$ 767</u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Deferred tax assets reflect the future income tax effects of temporary differences of the financial statement carrying amounts of assets and liabilities and their respective tax bases, and are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered.

The significant components of the Company's deferred tax assets and liabilities as of August 31, 2020 and 2019 are as follows:

	2020	2019
Deferred tax assets (liabilities)		
Accrued liabilities	\$ 15	\$ 30
Postretirement benefits	(21)	(16)
Accounts receivable, inventory reserve, and others	17	12
Depreciation and amortization	(29)	(23)
Net operating loss	17	-
Other comprehensive income	-	1
SBA PPP funded expenses	32	-
	<u>\$ 31</u>	<u>\$ 4</u>
Deferred tax assets		

The net deferred tax assets at August 31, 2020 and 2019 of \$31 and \$4, respectively, are included in other assets on the balance sheets.

Foreign taxes arise from taxes withheld by foreign governments on the payment of royalties and franchise fees to the Company.

Note 8 - 401(k) plan

The Company has a defined contribution savings and investment plan. Substantially all employees are eligible to participate in the plan once certain minimum requirements are met. The plan provides for the tax deferral features of employee contributions under Section 401(k) of the Internal Revenue Code. The Company provides a discretionary contribution to the plan. The Company's contributions for each of the years ended August 31, 2020 and 2019 were \$0 and \$153, respectively. Such amount is included within the general and administrative expenses section on the statements of operations and comprehensive loss.

Note 9 - Postretirement benefits

The Company provides health care benefits for certain retired employees and their spouses. Spousal coverage for those retiring on or after September 1, 1995 has been discontinued. Currently, all of the Company's full-time employees become eligible for these benefits after attaining specified years of service and retirement age. Depending upon years of service, participants must contribute a portion of the costs of such benefits. The Company's postretirement health care plans are not funded.

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

As required, the accrual method of accounting is based on actuarially determined costs to be recognized over the period the employee provides service to the Company. During fiscal 2014, the Company modified the potential benefits available under this plan, limiting the benefits for any current employee to a maximum of \$10,000 per employee per year. In October 2016, the Company decided to no longer continue the plan. Only employees with at least 28 years of service as of October 2016 would remain eligible for the plan.

The following tables provide key information pertaining to the Company's postretirement benefits plan as of August 31, 2020 and 2019. The measurement dates for determination of the postretirement benefits plan were August 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Change in postretirement benefit obligation		
Postretirement benefit obligation, beginning of year	\$ 996	\$ 900
Service cost	2	2
Interest cost	24	34
Actuarial loss (gain)	(100)	142
Benefits paid	<u>(30)</u>	<u>(82)</u>
Postretirement benefit obligation, end of year	<u>\$ 892</u>	<u>\$ 996</u>
	<u>2020</u>	<u>2019</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ -	\$ -
Actual employer contributions	30	82
Actual benefits paid	<u>(30)</u>	<u>(82)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Net amount recognized, end of year	892	996
Less current portion of postretirement benefit cost	<u>69</u>	<u>81</u>
Long-term portion of postretirement benefit cost	<u>\$ 823</u>	<u>\$ 915</u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Amounts recognized in accumulated other comprehensive income as of August 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 505	\$ 779
Net gain (loss)	100	(142)
Amortization of prior service credit	3	(5)
Amortization of net gain	<u>(80)</u>	<u>(127)</u>
Accumulated other comprehensive income (after tax effects of \$11 in fiscal 2020 and \$8 in fiscal 2019)	<u>\$ 528</u>	<u>\$ 505</u>

Amounts recognized in net periodic postretirement benefits credit for the years ended August 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 2	\$ 2
Interest cost	25	34
Expected return on plan assets	-	-
Amortization of transition obligation	-	-
Deferral of unrecognized net gain	-	-
Amortization of prior service credit	3	(5)
Amortization of net gain	<u>(80)</u>	<u>(127)</u>
Net periodic postretirement benefits credit	<u>\$ (50)</u>	<u>\$ (96)</u>

The estimated net gain and prior service credit for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$83 and \$5, respectively. During fiscal 2021, \$69 in benefits is expected to be paid.

Weighted-average assumptions used to determine the postretirement benefits obligation at August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Weighted-average assumptions, August 31		
Discount rate	2.32%	2.81%
Expected return on plan assets	N/A	N/A
Assumed health care cost trend rates, August 31		
Health care cost trend rate for next year	4.20%	4.60%
Rate to which the cost trend rate is assumed to decline	3.70%	4.40%
Year that the rate reaches the ultimate trend rate	2073	2097

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Benefits expected to be paid in the future under this plan at August 31, 2020 are as follows:

2021	\$	69
2022		66
2023		64
2024		54
2025		49
2026-2030		205

Note 10 - Long-term debt

Long-term debt at August 31, 2020 and 2019 consists of the following:

	2020	2019
Long-term debt - equipment finance	\$ 661	\$ 920
Line of credit	2,000	-
Total	2,661	920
Less current portion of long-term debt	2,542	468
Long-term debt	<u>\$ 119</u>	<u>\$ 452</u>

Equipment finance agreement

The Company entered into two equipment finance agreements totaling \$1,676 with JP Morgan Chase Bank, N.A. \$276 was entered into in fiscal 2020 and \$1,400 was entered into in 2018. The term of the agreements is 36 months from the commencement date through November 2021, with interest rates ranging from 4.49% through 5.15% per annum.

Line of credit

In March 2020, the Company entered into a line of credit agreement with JP Morgan Chase Bank, N.A. for \$3,000. Interests on borrowings is payable monthly at the Adjusted LIBOR Rate (2.15% at August 31, 2020). The Company must pay all outstanding amounts plus interest on or before the expiration date, February 28, 2021. Borrowings under the line of credit are secured by Company assets.

Principal payments to be paid in the future are as follows:

2021	\$	2,542
2022		95
2023		24
Total	<u>\$</u>	<u>2,661</u>

Dale Carnegie & Associates, Inc.

**Notes to Financial Statements
August 31, 2020 and 2019**

Note 11 - SBA Payroll Protection Program loan payable

In response to COVID-19, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") on March 27, 2020. The CARES Act provides numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, temporary suspension of certain payment requirements for the employer portion of Social Security taxes, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property, and the creation of certain refundable employee retention credits. Additionally, the CARES Act contains relief for small businesses through several new temporary programs, one of which is the Paycheck Protection Program ("PPP"). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

The Company applied for a loan under this program and has received \$1,705. The SBA provides a "safe harbor" for borrowers and has deemed certifications regarding the necessity of the loan to have been made in good faith for borrowers of less than \$2 million. The PPP loan is scheduled to mature on April 5, 2022, has a 0.98% interest rate, may be prepaid at any time without penalty and is subject to the terms and conditions applicable to all loans made pursuant to the PPP as administered by the SBA under the CARES Act. The loan and accrued interest is forgivable after 24 weeks so long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. In accordance with the requirements for forgiveness of the CARES Act, the Company has used the entire proceeds from the PPP Loan for eligible payroll, benefits, rent, utility costs, and has maintained its employment levels.

The Company is permitted a deferral period for the loan, allowing the Company to defer payments until they receive compensation for forgiven amounts. Recipients who do not apply for forgiveness shall have 10 months from the program's expiration to begin making payments.

If the Company does not apply for forgiveness, the current portion of this loan, including interest that is due within the next 12 months, is \$0, and the long-term portion due in fiscal year ended August 31, 2022 is \$1,705.

Note 12 - Operating leases

The Company rents office and classroom facilities under short-term and long-term leases expiring through 2029. Certain leases contain escalation clauses.

At August 31, 2020, the Company was obligated under long-term non-cancellable operating leases as follows:

2021	\$	1,057
2022		1,057
2023		1,057
2024		1,017
2025		1,012
Thereafter		<u>2,835</u>
Total	\$	<u><u>8,035</u></u>

Dale Carnegie & Associates, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Rent expense, including rents calculated on the straight-line method, was \$1,323 and \$1,278 in fiscal 2020 and 2019, respectively. Such amounts are recorded in the general and administrative expenses section in the statements of operations and comprehensive loss.

As of August 31, 2020 and 2019, the Company had \$494 and \$493, respectively, in a stand-by letter of credit outstanding as security for a leased facility. This letter of credit is secured by cash balances of the Company.

In September 2020, the Company amended its lease for its New York City office to request a temporary abatement in its fixed rent obligations under the lease and an extension of the lease term.

Note 13 - Repurchase agreement

The Company has an agreement with all stockholders for the repurchase of shares of its stock in the event a stockholder desires to sell his/her shares and such shares are not purchased by another existing stockholder. The purchase price for each share shall be the greater of (i) the book value of such share as shown on the balance sheet of the Company at the time of sale, or (ii) an amount equal to five times the average annual net income of the Company after taxes divided by the number of shares outstanding for the five fiscal years immediately preceding the transfer of shares.

Note 14 - Concentrations of credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and trade receivables.

Cash balances may, at times, exceed federally insured amounts. The amount that exceeded the FDIC insurable limit was approximately \$7,300 and \$5,000 as of August 31, 2020 and 2019, respectively. The Company believes it mitigates credit risk by maintaining the majority of its cash and cash equivalents with major financial institutions. Recoverability is dependent upon the performance of the institution.

The Company's trade accounts receivable are principally from franchisees. No one franchisee represents more than 10% of revenue or accounts receivable. The Company performs ongoing evaluations of its franchisees' financial condition and generally does not require collateral. In addition, upon a franchisee's default in paying its obligations to the Company, the Company may reassign the franchisee's territory to a successor franchisee. In that event, the successor franchisee would be responsible, up to contractually established limits, to repay the defaulting franchisee's outstanding debt.

Note 15 - Contingencies

Legal matters

The Company is a party to certain legal matters in the ordinary course of business. Management believes that the resolution of such matters will not have a material effect on the financial position, results of operations or cash flows of the Company.



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EXHIBIT F

STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINT CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described 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 such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee 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 there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code

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

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §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.

Item 19, Additional Disclosures:

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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 HEREIN 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 THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The Illinois Franchise Disclosure Act governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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 the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive

compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd.5.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 – 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement,

fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 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.”

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1- 574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply

Item 17, Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Illinois:

1. The first sentence of Section 23.2 (“Governing Law”) of the Franchise Agreement is amended to read as follows:

“This Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York, except as otherwise required by the Illinois Franchise Disclosure Act, without recourse to New York (or any other) choice of law or conflicts of law principals.”

2. The first sentence of Section 23.4 (“Venue”) of the Franchise Agreement is amended to read as follows:

Any litigation arising out of or related to this Agreement; any breach of this Agreement; all relations between the parties; and, any and all disputes between the parties, whether statutory claims or claims sounding in contract, tort, or otherwise, shall be, except as otherwise required by the Illinois Franchise Disclosure Act, instituted exclusively in (i) any federal court of competent jurisdiction if there will be any basis for subject matter jurisdiction, or (ii) any state court should the federal court not have such jurisdiction; in the case of either (i) or (ii) such court situated within the boundaries of either the Southern or Eastern Districts of the State of New York.

3. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction and choice of law will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to Illinois franchisees.

4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void”.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date first above written.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary in the Franchise Agreement, or in Item 17 or any other Item of the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the state of Maryland.

1. The laws of the state of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the franchise.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
3. A franchisee or Area Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any representations in the Franchise Agreement concerning the disclaimer of any occurrences or acknowledging the non-occurrence of any acts are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)
6. The General Release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the date indicated below.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the state of Minnesota.

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
2. Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.
3. NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.
4. The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.
5. Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation,

organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

6. We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.
7. Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.
8. The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd.5.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the date indicated below.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

**AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE
AGREEMENT REQUIRED BY THE STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. Notwithstanding anything to the contrary set forth in Paragraph 23.2 of the Franchise Agreement, this agreement will be governed by the law of North Dakota.
2. Paragraph 23.5 of the Franchise Agreement, under the heading “Punitive and Other Damages”, shall be deleted in its entirety and shall have no force or effect.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota.
4. Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code.
5. Any provision in the Franchise Agreement which requires the Franchisee to sign a general release upon renewal of the Franchise Agreement is deleted from Franchise Agreements issued in the State of North Dakota.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.
2. §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."

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Licensor

By: _____
Authorized Officer

**AMENDMENT TO THE DALE CARNEGIE & ASSOCIATES, INC. FRANCHISE
AGREEMENT REQUIRED BY THE STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. The following language is added to the Franchise Agreement:

"The law governing franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota, but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing laws of New York."
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from the Franchise Agreement.
3. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.
4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.

Dated: _____

FRANCHISEE:

By: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.
Franchisor

By: _____
Authorized Officer

WASHINGTON FRANCHISE AGREEMENT ADDENDUM

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

Transfer fees are collectable to the extent that they reflect the franchisors' reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

This addendum may also be used as a rider to the offering circular.

Dated: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.

By: _____

Name: _____

Title: _____

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 shall apply to and govern the provisions of the Franchise Agreement.
2. The Act's requirements, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

Dated: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Dated: _____

DALE CARNEGIE & ASSOCIATES, INC.

By: _____

Name: _____

Title: _____

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

FDD

EXHIBIT G

RECEIPT

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 Dale Carnegie & Associates, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York State law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the executive of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If Dale Carnegie & Associates, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit E to this disclosure document.

The franchise seller is Andre Goldstein, Vice President, Franchise Development, Dale Carnegie & Associates, Inc., located at 58 South Service Road, Suite 301, Melville, New York 11747, 631-415-9300 and is an authorized franchise seller of Dale Carnegie Training® franchises.

Issuance date: December 22, 2021

Dale Carnegie authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state

I have received the Franchise Disclosure Document dated December 22, 2021 that included the following exhibits:

Exhibit A	Franchise Agreement
Exhibit B	List of Franchisees
Exhibit C	State Administrators
Exhibit D	Agent for Service of Process
Exhibit E	Financial Statements
Exhibit F	State Addenda
Exhibit G	Receipt

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt either by signing, dating and mailing it to the attention of Andre Goldstein, Dale Carnegie & Associates, Inc., 58 South Service Road, Suite 301, Melville, New York 11747, or by faxing a copy of the signed and dated receipt to Dale Carnegie at 631-415-9358.

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 Dale Carnegie & Associates, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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The franchise seller is Andre Goldstein, Vice President, Franchise Development, Dale Carnegie & Associates, Inc., located at 58 South Service Road, Suite 301, Melville, New York 11747, 631-415-9300 and is an authorized franchise seller of Dale Carnegie Training® franchises.

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(Do not leave blank)

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Print Name

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