

**ITEM 1:
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES**

In this offering circular, "CNI", "we", "us", or "our" means or refers to Concerto Networks, Inc. the franchisor. "Franchisee", "you" or "your" means or refers to the person who buys the Concerto Networks franchise. If you are a corporation or other legal entity, "you" includes your owners. "Concerto Networks" means or refers to the trademark described in Item 13.

CNI is a California Corporation with our principal business address at 610 West Ash Street, Suite 1501, San Diego, CA 92101. Our telephone number is (619) 501-4530. Our agents for service of process are listed in Exhibit D.

CNI was incorporated in California on July 1, 2002. CNI has no predecessors. CNI does not have any affiliates.

CNI was founded by Mr. Raymond R. Hivoral (see Item 2).

CNI offers you a Franchise Agreement, which grants the right to establish and operate a Concerto Networks business.

A typical CNI franchise is owned and operated by one or more individuals, the franchisee. It is an owner focusing on business development, account management and operations, using technical employees or subcontractors or owner-operator model. Our franchisees business develop, offer and sell strategic business technology consulting services, program directing, project managing, computer maintenance, repair, upgrade, networking, consulting IT (Information Technology) professional business services and hardware, accessories and other office equipment sales to small businesses, home offices and national accounts. The focus of our franchisees is to concentrate on providing a localized, personal on-site and on-demand business technology services or remote managed services from home based locations or commercial office spaces (not required). Franchisees will be part of a franchised network with our trade name and logo, offering standardized services, merchandising and marketing techniques, operating procedures, product and service quality standards and business methods and other expertise supplied by CNI (collectively, the "Concerto Networks System").

We also offer an Area Development franchise under a separate franchise offering circular. An Area Developer is responsible for the marketing and sales support of individual Concerto Networks franchises in a specific geographic territory, typically one or more counties, or an entire state. An Area Developer is also responsible for providing support to the individual Concerto Networks franchisees located in the Area Developer's territory. At this time, we do not offer Area Developer Franchise Licenses in following states; North Dakota, South Dakota and Illinois. The responsibilities of the Area Developer will be handled by CNI.

Notice to residents of the State of Illinois- The Area Developer is a subfranchisor. The Area Developer is required by the State of Illinois to comply with its requirements, rules and regulations as a subfranchisor. At this time, we do not offer our Area Developer Franchise License in the State of Illinois. The responsibilities of the Area Developer will be handled by CNI.

CNI does not do business under any other name other than Concerto Networks. CNI has offered Concerto Networks franchises in California (CA) since its registration became effective in CA, on May 6, 2003. CNI has offered Concerto Networks franchises in the following states (HI, IL, IN, MD, MN, NY, ND, OR, SD, RI, VA, WA) since its registration in these states were effective on December 16, 2003. CNI has offered Concerto Networks franchises in the state of MI since its registration in this state was effective on December 9, 2003 and the state of WI since its registration was effective in this state on August, 5, 2003 and the state of IN since its registration was effective in this state on August 4, 2003. CNI has not offered franchises in other lines of business.

The general market for Information Technology (IT) and computer industry service is virtually every business or home office. Our service will mainly focus on the Business to Business market with PC-based systems and a broad range of computer and business technology users. Our secondary market is the home office environment. The market is not restricted to certain types of businesses, home offices or locations. Your predominant competition is the retail stores, regional service providers and other sole proprietor businesses, which provide

similar services. The Information Technology (IT) and computer industry market has been growing and is expected to continue to grow.

We are not aware of any specific industry licenses that may be required by your state. We recommend that you check with your local city and state government offices to determine if any other types of licenses are required to operate this business within their state. You are subject to the laws and regulations, which apply to all businesses generally. You also need to investigate and determine the existence of local laws or regulations, which may apply to your business.

ITEM 2: BUSINESS EXPERIENCE

Founder and CEO: Raymond R. Hivoral

Mr. Hivoral founded Concerto Networks Inc. in 2002. From 1995-2002, he worked for Innovation Sales, a San Diego, CA based manufacturers representative company as a Sales Engineer in the semiconductor industry. From 1992-1995, Mr. Hivoral worked for Technetics, Inc., a San Diego, CA based electronics contract manufacturer as a Sales and Marketing Manager. In 1993, Mr. Hivoral was promoted to Director of Operations and Program Management for Technetics' start up company, Orbtech. Orbtech also based in San Diego, CA developed satellite and maritime communications products. From 1988-1991, Mr. Hivoral was a technical representative for Loral Aerospace Corporation based in San Diego, CA. Loral was responsible for servicing the US Navy's computerized flight training system.

President and Chief Technical Officer: Eric Tobias

In June of 2003, Mr. Tobias joined Concerto Networks Inc., as President and CTO. From 1999 – 2003, Mr. Tobias was co-Founder and CEO of QuantumThink Group, Inc. (QThink) based in San Diego, CA. QThink is recognized as a leading semiconductor design services company. From 1996 – 1999, Mr. Tobias was Director of Business Development (North America/Asia/Europe) for Cadence Design Systems, Inc., a San Jose based engineering design automation (EDA) and electronic design services company. From 1984 – 1996, Mr. Tobias held several engineering and senior management positions at Applied Micro Circuits Corporation (AMCC), a San Diego based semiconductor company. From 1979 – 1984, Mr. Tobias held various development and manufacturing engineering positions at Amdahl Corporation based in Sunnyvale, CA. Amdahl was a large mainframe computer company.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this offering circular.

Notice to residents of New York:

New York law requires the following disclosure:

Neither the Franchisor, any predecessor, a person identified in item 2, nor any affiliate offering franchises under the Franchisor's principal trademark:

- A. Has any administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, there are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- C. Is subject to a currently effective injunctive or restrictive order or degree relating to the franchise, or under a federal State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national security 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. BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Notice to residents of New York:

New York law requires the following disclosure:

Neither the franchisor, nor any affiliate, predecessor, officer or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

ITEM 5. INITIAL FRANCHISE FEE

Initial Franchise Fee

When your application is accepted and approved by CNI, the initial franchise fee of \$21,000 is due at signing of the franchise agreement and payable in a lump sum to Concerto Networks. Your initial franchise fee is not refundable for either of your single or multiple franchise purchases.

We offer a special discount for the purchase of multiple franchises, at one time. If you purchase 3 franchises at one time, you will be offered a 30% discount off the initial franchise fee.

Concerto Networks is a member of the International Franchise Association (IFA) and participates in IFA's VetFran Program, which provides special financial incentives to qualified veterans. Veterans are offered a 10% discount off of the first initial franchise fee for an individual franchise.

We offer a Letter Of Intent ("LOI"). Exhibit I refers to the LOI along with the Initial Review Fee of \$5,000. If you do not wish to execute the LOI along with the Initial Review Fee then you must pay at the signing of the franchise agreement, non-refundable fees which include: your franchise fee, training fee and additional fees for the mobile and home-based office, point of sale (POS) equipment, licensed software tools and initial marketing start up and marketing supplies, payable in a lump sum to Concerto Networks Inc.

If you wish to execute the LOI, then you must pay to CNI the Initial Review Fee of \$5,000 at the signing of the LOI. Your Initial Review Fee is fully earned by CNI in consideration of our efforts in reviewing, considering and/or our initial research expenses, site surveys in assisting you with the gathering of preliminary data identifying the potential market (in terms of an estimated number of business establishments) in your area of interest only. No portion of your Initial Review Fee is refundable. However, if you and CNI were to agree to enter into a franchise agreement, the entire amount of your Initial Review Fee would be credited against your Initial Franchise Fee. No portion of your Initial Review Fee is refundable.

You must pay an additional \$8,450 to \$13,100 for the mobile and home-based office, Point of Sale (POS) equipment, licensed software tools, initial marketing start up and marketing supplies which are due at signing of the franchise agreement. The equipment and supplies may require custom configuration, special ordering and delivery, special handling and/or custom design which may be subject to 4-8 weeks lead time delivery.

Initial Franchise Fees and Initial Review Fees will be used by us at our sole discretion as general revenue. We accept payments by check, wire transfer or credit card. These amounts are due and payable to Concerto Networks at signing of the franchise agreement.

The Initial Franchise Fee and Initial Review Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement and for our cost or deferred opportunity to enter into a Franchise Agreement with others.

Training Fee

When your application is accepted and approved by CNI, the individual training fee of \$4,800 for the first person and \$1,800 for each additional person.

All training fees paid are non-refundable. We accept payments by check, wire transfer or credit card. These amounts are due and payable to Concerto Networks at signing of the franchise agreement.

Your employees or subcontractors are not required to attend training at CNI's training center. Your employees or subcontractors must receive training as described in our operations manual before servicing customers. Training is provided either by you at your location or by CNI representatives at a scheduled date and location.

The franchise fee, initial training fee, initial review fee and equipment and materials used to set up your franchise business are non-refundable under any circumstances.

In order for CNI to confirm its compliance with the "5 Day Rule" Federal Law, you must review, date and sign Exhibit H-1 and Exhibit H-2 (Confirmation of Compliance with 5 Day Rule). Immediately return one of these signed documents to Concerto Networks Inc and retain the other copy for your records.

Refunds

If we do not approve your initial franchise application form (Refer to EXHIBIT H) to purchase a franchise or multiple franchises, any portion of the franchise fee(s) already paid to us will be promptly refunded to you by company check and mailed via US Postal Service, to you within 15 business days. We will not provide the reasons for non-approval. Otherwise, on an approved application, all payments for a CNI franchise agreement that is ready to be signed are non-refundable under any circumstances.

ITEM 6. OTHER FEES

You must select one of the following Option Plans (A or B) at the time of signing the franchise agreement.

Name of Fee Option A Plan	Amount	Due Date	Remarks
(1A) Royalty Fee, Option A Plan Select Option Plan in the franchise agreement prior to signing. Note 1A	14% of gross Billable Hours/Rates revenue only, total sales generated from service hours/rates and/or service agreements. Note 1, subject to a minimum payment of \$150 per month (starting 90 days after your successful completion of training)	At time of receipt of payment from your Client pursuant to a Transaction, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial Bank as described in the operations manual as part of the Concerto Networks "System".
(2A) Advertising Fee, Option A Plan Select Option Plan in the franchise agreement prior to signing Note 2A	2% Advertising of gross Billable Hours/Rates revenue only, total sales generated from service hours/rates.	At time of receipt of payment from your Client pursuant to a Transaction, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial bank as described in the operations manual as part of the Concerto Networks "System".
(3A) Marketing Fee, Option A Plan Select Option Plan in the franchise agreement prior to signing Note 3A	1% Advertising of gross Billable Hours/Rates revenue only, total sales generated from service hours/rates.	At time of receipt of payment from your Client pursuant to a Transaction, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial bank as described in the operations manual as part of the Concerto Networks "System".

Name of Fee Option B Plan	Amount	Due Date	Remarks
(1B) Royalty Fee, Option B Plan Select Option Plan in the franchise agreement prior to signing Note 1B	12% of gross Billable Hours/Rates revenue only, total sales generated from service hours/rates and/or service agreements. You are not subject to a monthly minimum royalty payment.	At time of receipt of payment from your Client pursuant to a Transaction, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial Bank as described in the operations manual as part of the Concerto Networks "System".
(2B) Advertising Fee, Option B Plan Select Option Plan in the franchise agreement prior to signing Note 2B	\$300 per month, subject to 5-10% increase each year.	Due at the 1 st day of each month, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial bank as described in the operations manual as part of the Concerto Networks "System". 100% to be used toward Franchisee's Focused Service Area.
(3B) Marketing Fee, Option B Plan Select Option Plan in the franchise agreement prior to signing Note 3B	\$300 per month, subject to 5-10% increase each year.	Due at the 1 st day of each month, payable to CNI. Immediate or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable by a process through a CNI-approved commercial bank as described in the operations manual as part of the Concerto Networks "System".

Name of Fee	Amount	Due Date	Remarks
(4) Audit Note 4	Cost of audit	Upon notice from CNI.	As needed. Payable to CNI.
(5) Additional Training Note 5	Annual convention fee of \$150 to \$400 per person as established by CNI.	Upon demand by CNI and payable to CNI.	You must pay for all expenses related to Annual Convention. (travel, hotel, meals, etc.)
(6) CNI User Intranet/Extranet access, POS System usage, Internet & Server Maintenance Note 6	The cost of this is currently \$55.00 per month, per user and may be changed at the discretion of CNI, up to \$99 per month, per user.	Billed monthly by CNI. Payable to CNI by automatic electronic payment through a CNI-approved commercial or auto-pay by credit card. (No manual checks)	In addition, you must maintain, at your own expense, local internet access consisting of a minimum of 128k, always in service (DSL or Cable). You must have internet access with a CNI approved Vendor (payments directly to vendor).
(7) Late Charges Note 7	\$35 flat fee, plus interest at the highest applicable legal rate	Upon demand by CNI and submission of royalty, advertising and marketing fees. Payables to CNI.	Late charges begin from the date of underpayment.
(8) Transfer Fee Note 8	\$2500 plus all actual expenses incurred by CNI. If CNI finds the buyer, commission is 5% of the transfer price.	Prior to consummation of transfer. Payable to CNI when you sell your franchise.	\$100.00 charge if Franchise is transferred to a corporation which you control.
(9) Renewal Fee Note 9	25% of all the then-current franchise fee	Upon renewal and demand by CNI. Payable to CNI by electronic transfer through a CNI-approved commercial bank or by a manual check.	10 year term. Must be in good standing
(10) Marketing and Advertising Programs Note 10	Up to an additional \$9,000 per year	Upon approval of your local Franchise Advisory Council and notice by CNI. Payable to CNI.	A marketing and advertising campaign is necessary to support the Concerto Networks business.
(11) Banking Fees Note 11	Estimated \$10/month. Commercial Bank's terms and conditions applied.	Commercial Bank's terms and conditions applied. Payments directly to Bank.	You must open a business bank account with a CNI- approved commercial bank.
(12) Attorney's Fee's and Costs Note 12	\$2,500-\$7,000	As arranged with your Legal Firm and/or Attorney.	As needed.
(13) Commissions payable to Franchisee	0-50% of total commission received by CNI for Franchisee's Approved Sales Channel transactions. The percentage of Commission varies according to contract between CNI and vendor, amount of total sale, administrative costs incurred by CNI and complexity of transaction.	Within 30 days of CNI's receipt of payment by vendor.	The percentage amount for each commission varies based on the formula which includes CNI's administrative costs, legal and accounting expenses, management expenses and marketing and other overhead expenses to attain and maintain CNI's relationship with the partners and vendors.
(14) Merchant Card Services Fee Note 14	1.5-2.99% of total merchant card gross sales revenue. Merchant card service provider's terms and conditions apply. Rates are subject to change by the merchant card services provider.	At time of receipt of payment from your Client pursuant to a Transaction, payable to CNI. Immediate payment at by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".	Payable to CNI by electronic transfer through a CNI-approved commercial Bank as described in the operations manual as part of the Concerto Networks "System".

NOTES FOR ITEM 6.

Fees and expenses as described above paid directly to CNI are non-refundable. Otherwise, other fees and expenses as described above not paid directly to CNI may be non-refundable.

Notes for Option A Plan

(1A) Royalty Option A Plan. Royalty Fees are subject to a minimum payment of \$150 per month, beginning 90 days after your successful completion of training. Royalty fees must be paid by automatic transfer pursuant to our requirements as described in the operations manual as part of the Concert Networks "System".

Gross Billable Hours/Rates Revenue - The total of all sales receipts for all billable service hours/rates or billable service contracts provided by or through the franchisee's business, including cash, credit and electronic funds transfer sales and consisting of all amounts received or invoiced for billable service hours sold by you, as specified in the manual as described as part of the Concerto Networks "System" or otherwise in writing by CNI, as amended periodically.

Total sales generated from service hours/rates- ALL billable hour service sales generated by your business for service or servicing your customers. Service is an intangible product. This includes your business' remote and/or onsite charges/sales generated; per hour, per computer and/or per system, consultancy, fixing computers, advisory, setting up a network, setting up the computer, setting up a phone system, wiring the network for the building/office's computer, server and/or network equipment (from the wall to the equipment), maintaining the IT department your customer's business, utilizing subcontractors, outside services and personnel, etc. It includes any IT or Business Technology billable hour/rates services you provide to your customer.

(2A) Advertising Fees Option A Plan. We are free to spend the contributions using an in-house advertising department. We determine everything relating to all advertising, public relations and promotional matters.

(3A) Marketing Fees Option A Plan. The Marketing Fees are not Trust Funds and may be deposited in our general corporate account and commingled with our general revenues. We may use the Marketing Fees in any manner and for any purpose we deem appropriate, as determined at our sole discretion, such as to develop National Accounts, support the development of marketing programs and to expand the network.

Notes for Option B Plan

(1B) Royalty Option B Plan. Royalty fees must be paid by automatic transfer pursuant to our requirements as described in the operations manual as part of the Concert Networks "System".

Gross Billable Hours/Rates Revenue - The total of all sales receipts for all billable service hours/rates or billable service contracts provided by or through the franchisee's business, including cash, credit and electronic funds transfer sales and consisting of all amounts received or invoiced for billable service hours sold by you, as specified in the manual as described as part of the Concerto Networks "System" or otherwise in writing by CNI, as amended periodically.

Total sales generated from service hours/rates- ALL billable hour service sales generated by your business for service or servicing your customers. Service is an intangible product. This includes your business' remote and/or onsite charges/sales generated; per hour, per computer and/or per system, consultancy, fixing computers, advisory, setting up a network, setting up the computer, setting up a phone system, wiring the network for the building/office's computer, server and/or network equipment (from the wall to the equipment), maintaining the IT department your customer's business, utilizing subcontractors, outside services and personnel, etc. It includes any IT or Business Technology billable hour/rates services you provide to your customer.

(2B) Advertising Fees Option B Plan. If you agree to operate your franchise under the Advertising Fee Option B Plan, 100% of the \$300/Monthly or current Advertising fee will be administered by CNI and used in your franchise territory/FSA to support you local advertising campaigns or programs. You may be required to pay for the additional expenses beyond the \$300/month to support advertising campaigns for your territory/FSA. We are free to spend the contributions using an in-house advertising department. We determine everything relating to all advertising, public relations and promotional matters.

(3B) Marketing Fees Option B Plan. If you agree to operate your franchise under the Marketing Fee Option B Plan, \$100 or 1/3 of the \$300/Monthly Marketing Fee will be provided to the CNI designated Area Developer to promote the development of the franchise network in the designated territory and the remaining \$200 or 2/3 of the \$300/Monthly Marketing Fee will be used by CNI in its sole discretion and may use such fee for national advertising, public relations, research and development, testing and pilot programs to promote the sale of existing or new products of services for the System; for promotional programs to assist specific regions or franchises; for promoting the sale of new franchises; for market research; and for producing common promotional material for use by Concerto Networks franchisees on a local, regional or national basis. The Marketing Fees are not Trust Funds and may be deposited in our general corporate account and commingled with our general revenues. We may use the Marketing Fees in any manner and for any purpose we deem appropriate, as determined at our sole discretion, such as to develop National Accounts, support the development of marketing programs and to expand the network.

(4) Audit. Payable if audit shows an understatement of more than 5% of gross revenues in addition to any late charges and/or penalties.

(5) Additional Training. You must pay all fees for training, including travel and lodging and personal expenses.

(6) CNI Intranet Access Administration, Internet & Server Maintenance. You must pay CNI's Intranet Access, Administration, Internet and Server Maintenance which will entitle you to intranet access and use of CNI's "System". The cost of this is currently \$55.00 per month, per user and may be changed up to \$99 per month, per user at our discretion. In addition, you must maintain, at your own expense, local internet access.

(7) Late Charges. Fees for late charges will be due upon payment of all fees due along with any interest.

(8) Transfer. In the Franchise Agreement, Section 13, you agree to pay a transfer fee, currently in the amount of \$2,500 plus all actual expenses incurred by us in connection with the transfer if you find the buyer. If a Buyer is found by us, you must pay us a

transfer fee equal to 5% of the transfer price, but no less than \$2,500. \$100.00 charge if Franchise is transferred to a corporation which you control. In addition, the transferee must also sign a new franchise agreement for a full 10-year franchise term and pay a pro-rata renewal fee for the number of years of the 10-year franchise term that were used by you before the transfer.

(9) After your initial 10 Year term, the Renewal Fee 25% of the then current franchise fee and due upon 4 weeks upon renewal date.

(10) Marketing and Advertising. Lead generation campaigns, advertising, telemarketing and direct mail expenses for selected marketing campaigns.

(11) Banking Fees. Estimated Banking Fee is \$10/month. While owning and operating a CNI Franchise, you must open and remain open a Business Bank Account with a CNI approved Commercial Bank. CNI will conduct part of its business through electronic transfer of fees, commissions and other transactions. The CNI Franchise is subject to Terms and Conditions of the Commercial Bank. CNI is not responsible or held liable for your bank account, maintenance charges, bank fees, balance of account, etc.

(12) Legal advice and assistance, as needed. CNI does not provide legal or accounting advice.

(13) Commissions vary and are paid out 30 days after CNI receives it from CNI approved vendor. The percentage amount for each commission varies based on the formula which includes CNI's administrative costs, legal and accounting expenses, management expenses, marketing and other overhead expenses to attain and maintain CNI's relationship with the partners and vendors.

(14) Merchant Card Gross Sales Revenue means the total of all receipts for credit card and electronic funds transfer sales and consisting of all amounts received or invoiced for services, goods or merchandise sold by you, as specified in the Manual or otherwise in writing by CNI, as amended periodically.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

TYPE OF FEE	ESTIMATED COST	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
(1) Franchise Fee (Note 1)	\$21,000	Lump Sum	Due at signing of the franchise agreement.	Payable to CNI and non-refundable
(2) Training Fee, New Franchise Owner Training Program (Note 2)	\$4,800	Lump Sum	Due at signing of the franchise agreement.	Payable to CNI and non-refundable
(3) Travel, living, expenses while training (Note 3)	\$500 to \$2,000	As arranged	As arranged	Airline, hotels, restaurants, car rental, etc.
(4) Vehicle (Note 4)	\$0 to **\$2,500 (**if leased)	As arranged. You may already own an approved vehicle	Vendor terms	Vendor
(5) Vehicle Graphics Package, Advertising & Marketing and Marketing Business Support (Notes 4 & 8)	This lump sum (\$4,000) is added to the Advertising & Marketing expenses. See Type of Fee Item (10).	Lump Sum	Due at signing of the franchise agreement.	Purchased through CNI and/or CNI approved channels.
(6) Equipment: Mobile, Home Office and Point Of Sale System/ Equipment and licensed software tools for offering remote, managed services. (Note 5)	\$6,650	Lump Sum	Due at signing of the franchise agreement.	Purchased through CNI and/or CNI approved channels. Home office equipment include: laptop, No inventory is required. Maintenance records are recorded on CNI's web-based system, POS and licensed software tools.
(7) Supplies, Misc. Tools and Home Office Supplies (Note 6)	\$500-\$1,000	Lump Sum	Due at signing of the franchise agreement	Supplies include paper, and general office supplies. Purchased through CNI and/or CNI approved channels
(8) Real Estate	\$0-\$500	As arranged	Before Opening	Landlord, Home Office
(9) Insurance & Licenses (Note 7)	\$650 to \$1,750	As arranged	Due as arranged	Your Insurance Company and State and Local agency.
(10) Advertising & Marketing and Office Expenses. (Note 8)	\$6,000 to \$7,000 (Your effort to invest in money and resources on Advertising and Marketing is a critical element in the initial development of your business.)	As arranged	Due at signing of the franchise agreement.	Vehicle Graphics Package, Yellow pages, local ads, bookkeeping, meetings, chamber of commerce membership, press releases, etc. Purchased through CNI and/or CNI approved channels
(11) Additional funds for 3 months (Note 9)	\$8,000-\$10,000	As needed	Over 3 months	Including working capital paid to you
(12) Total (Note 10)	\$52,100 to \$61,200			

NOTES FOR ITEM 7

License and Training Fees: License and Training Fees and marketing materials/services Fees described above paid directly to CNI are non-refundable. Other fees and expenses as described above NOT paid directly to CNI may be non-refundable. We accept payments by check, wire transfer or credit card.

Mobile and home-based office, Point of Sale (POS) equipment and marketing supplies: You must pay the estimated cost of \$8,450 to \$13,100 for a mobile and home-based office, Point of Sale (POS) equipment, licensed software tools and marketing supplies. The equipment and supplies may require custom configuration, special ordering and delivery, special handling and/or custom design which may be subject to 4-8 weeks lead time delivery. We accept payments by check, wire transfer or credit card.

(1) Franchise Fee is \$21,000 for an Individual CNI Franchise. We offer a special discount for the purchase of multiple franchises, at one time. If you purchase 3 franchises at one time, you will be offered a 30% discount off the initial franchise fee. Also, Concerto Networks is a member of the International Franchise Association (IFA) and participates in IFA's VetFran Program, which provides special financial incentives to qualified veterans. Veterans are offered a 10% discount off of the first initial franchise fee for an individual franchise. If your application is accepted and approved, your initial franchise fee is not refundable for either of your single or multiple franchise purchases.

(2) Training Fee, New Franchise Owner Training Program. We will provide you with limited technical and marketing training program consisting of classroom and hands on training. You must pay \$4,800 for the first person and \$1,800 for each additional person who attends the training program. Your employees or subcontractors are not required to attend training at CNI's training center. Your employees or subcontractors must receive training as described in our operations manual before servicing customers. Training is provided either by you at your location or by CNI representatives at a scheduled date and location.

(3) Travel and other expenses during 5 days of required training. The above estimates your cost for travel, lodging and expenses during the mandatory training required to open a Concerto Networks franchise. The low represents one individual traveling locally and the high represents two individuals traveling from out of state.

(4) Vehicle and Graphics Package. The above estimate is assumed that a \$17,000-\$25,000 vehicle (SUV or mini van type of vehicle) is leased. The initial down payment is estimated at \$2,000 and the monthly lease payment is approximately \$500. Thus, the estimated first month's cost for the vehicle is \$2,500. Total cost may vary depending on accessories package. The vehicle must have a designed graphics package, featuring the Concerto Networks trademark, will be "wrapped" around the vehicle for marketing and advertising your Concerto Networks business. The specially designed graphics package to assist you in advertising and marketing your business, featuring the Concerto Networks trademark, will be outfitted by an approved CNI Vendor. The estimated cost for the graphics package is \$1,000. CNI must approve your vehicle and vehicle's color (SUV or Mini-van type of vehicle, white, silver, black or red colored). NEW Vehicle Exceptions- There may be exceptions to leasing or purchasing a new vehicle for the CNI Franchise, please contact your CNI representative.

(5) Equipment Mobile, Home-based Office and Point Of Sale (POS) system. Before attending the CNI training, you must purchase from a CNI approved vendor a CNI Franchise computer network office system, which includes a Laptop computer, approved portable printer, internet access, security network appliance, cellular phone and service and small tools to take apart computers, licensed software tools, etc.

(6) Supplies and Home Office Supplies include a bag, small tools, cables and published technical manuals, etc.

(7) Insurance coverage. You must purchase and maintain insurance coverage of the types and amounts required by us as described in Item 9 of this Offering Circular and Section 17 of the Franchise Agreement. The costs of insurance will vary based on type of policy, policy limits, geographic location, and other factors.

(8) Initial Advertising, Marketing and Office expenses includes the vehicle graphics package. This is the estimated recommended amount to be spent in promotion and marketing activities to publicize your new CNI franchise. Your effort to invest in money and resources on Advertising and Marketing is a critical element in the initial development of your business. All advertising is subject to our prior written approval. Office expenses include initial bookkeeping and meetings.

(9) The additional funds estimate is contemplated to cover initial operating expenses, but not including any salaries, for yourself or others, for a period of three months. We estimated these additional funds based on our independent research of the demographic and economic conditions for operating a sole proprietor IT Consulting, Mobile Onsite/On Demand Computer and Network Service Company in Southern California. We cannot and do not guarantee the projected amount will be sufficient. Additional sums may be required, and we strongly recommend you consult with an accountant or other professional financial advisor to determine your working capital needs.

(10) The estimated initial investment figures set forth above are estimates only for the first three months, except where noted, and exclude royalty, advertising, and marketing fees payable to us. The lower estimate assumes that you will lease the vehicle and purchase other equipment. We cannot and do not guarantee that additional funds may not be needed by you before or after opening your business. Please note these figures do not estimate ongoing operating costs, and the actual minimum initial cost necessary to commence operations may vary considerably from the estimates provided. Therefore, these estimated initial investment figures should not be relied upon. Your costs will depend on a variety of factors including your experience and business knowledge, local economic conditions, size and location of your territory, the local market for our products and services, competition, and your sales. Before you buy our franchise or make any commitments relating to it, we strongly recommend you retain a professional financial advisor at your cost to review your total initial investment to start operations and for ongoing operating costs, including working capital, for the period of time determined by your financial advisor.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Concerto Networks' franchise system uniform appearance and Concerto Networks brand identity- In order to maintain a uniform appearance within the CNI network and CNI franchise computer network office system, you must purchase certain equipment and supplies from our approved suppliers and sales channels.

In addition, as listed below, our proprietary/special wrapping graphics package for the CNI Franchise vehicle and other proprietary "Concerto Networks" labeled marketing materials must be purchased from and installed or manufactured by a CNI approved vendor. At this time, no other products and services are considered proprietary.

The following items must be purchased through us and/or CNI's approved vendor(s), service providers and/or supplier sales channel(s) listed below.

CNI Start Up Kit- Office and Point of Sale (POS) Equipment, Services and Vehicle Graphics Package.

Item	Description	Manufacturer	Model Number	Estimated Cost	Supplier Channel
Point Of Sale (POS), Mobile Office Computer and Dispatch System	Laptop Computer (min. specs) P4 2Ghz min, with Modem and LAN/WAN, 512Mg RAM, 40Gig HD, 14In Screen, USB	Determined and approved by CNI	TBD	\$1,700	Determined and approved by CNI
Multifunction Printer/FAX and Point Of Sale (POS) portable printer	Color Inkjet or Laser Multifunction Printer/FAX and POS portable printer	Determined and approved by CNI	TBD	\$200-450	Determined and approved by CNI
Approved Dispatch equipment, Cellular phone, Cellular Service and internet access card and accessories	PDA-Cellular phone and you must have a internet access card with cellular WAN connectivity (Wide Area Networking).	Determined and approved by CNI	TBD	\$650 for phone plus \$100/month for Service	Determined and approved by CNI
Software(s)	Initial set for one year usage of Remote, managed services tools, additional training and support, as specified	TBD	TBD	\$2,000	Determined and approved by CNI
Software	MS Office, MS XP OS	Microsoft	TBD	\$300	Determined and approved by CNI
Internet Access	Cable Modem or DSL	TBD	TBD	\$40/month	TBD
Security Firewall Appliance	Firewall with Built in Virus Protection and Filtering.	Determined and approved by CNI	TBD	\$200	Determined and approved by CNI
Wireless LAN (802.11a/b/g) and equipment	Wireless LAN Access Point, 5 Port Switch	Determined and approved by CNI	TBD	\$150	Determined and approved by CNI
Local Business Land Line Phone with Answering Machine	Local Telephone Company. Phone and Answering Machine (TBD).	TBD	TBD	\$100, plus \$30/month for service	CNI and/or CNI approved vendor
General Office Supplies	Paper, Printer Ink, etc.	TBD	TBD	\$300	CNI approved vendor
Vehicle (** if leased)	Jeep Cherokee, Ford Escape or Explorer, Toyota Scion or Highlander or other CNI approved SUV/VAN/TRUCK type of vehicle.	CNI approved vendor	White or Silver Colored, or CNI Approved Color	**\$2,500 down payment & \$300/month	CNI approved vendor
CNI Proprietary Vehicle trademark graphics package	Proprietary/Specially designed graphics package, featuring the Concerto Networks trademark	CNI approved vendor	Concerto Networks Custom Rev1.x	\$1,000	Determined and approved by CNI
Tools and Bag (as needed per technician/employee)	Tools, CAT 5, Parallel, Serial, USB Cables, work bag, etc.	TBD	TBD	\$150	CNI-and/or approved vendor

Due to constant changes in technology and product availability, software, hardware and services required by Concerto Networks may differ from the supplier channels, vendors, configurations, products and services described above.

Fees and expenses as described above paid directly to CNI are non-refundable. Otherwise, other fees and expenses as described above NOT paid directly to CNI may be non-refundable.

The current list of approved suppliers is available from us and is in the Operations Manual or supplements. If you want to purchase supplies and products from non-approved sources, you must submit samples of the items you want to purchase from non-approved suppliers to us for prior approval. We may, inspect the premises of the supplier, place of manufacture and/or distribution of the products, and may re-inspect it periodically. Specific standards and criteria are available upon request either by you or vendors. We do not charge you a fee for this evaluation.

We will evaluate the proposed supplier's financial stability and its ability to provide products and services that meet our requirements for quality, specifications and timely supply. We will advise you, within a reasonable time, normally within 60 days, whether the proposed supplier will be a Concerto Networks approved supplier. We may revoke the approved status of a supplier if it fails to meet our standards for service, financial status and quality of products or operation. We may also restrict the number of approved suppliers for a product or service if there are an adequate number of sources already available as approved sources for the same types of products and services.

Other than the written warranties expressly provided by us in connection with goods and items for which we are the only approved supplier and which are proprietary to us, and which you purchase from us, any goods and items purchased from all other approved suppliers are provided without any warranties by us, express or implied, and the warranties of merchantability and fitness for a particular purpose are expressly disclaimed, and there are no express or implied warranties on the part of us as to the design, condition, capacity, performance or any other aspect of such goods and items or their material or workmanship.

We do not receive purchasing and distribution cooperatives from suppliers because of transactions only with franchisees. We negotiate purchase arrangements with suppliers, including prices, for the benefit of franchisees. We provide material benefits to a franchisee based on their use of designated or approved sources. Except for the initial equipment and supplies and vehicle graphics package, there are no required goods or services for which we are the only approved supplier. CNI will derive revenue from your purchases or leases. You must purchase the laptop (POS system), internet access card, printer, home-based office, mobile office supplies and marketing supplies under specifications in the operations manual. These specifications include standards for delivery, performance, design and appearance. You must purchase this equipment from CNI. In the year ending December 31, 2005, CNI's revenues from the sale of this equipment to franchisees was \$163,000, or 16.5% of CNI's total revenue of \$990,000. The cost of equipment purchased in accordance to specifications from approved sources represents 20-30% of your total purchases in connection with establishing your business. The estimated proportion of any of your required purchases and leases in relation to all of your purchases and leases in connection to operating your CNI franchise is about 12-18%.

ITEM 9 FRANCHISEE OBLIGATIONS

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

You must follow all applicable local, state and federal safety requirements and legal rules and regulations in operating your franchise business in your territory.

Obligation	Section in Franchise Agreement	Item in Offering Circular
a. Site selection	Section 1	Item 11, and Item 12
b. Pre-opening purchases/leases	Section 8	Item 7 and Item 11
c. Site Development and other pre-opening requirements	Section 8	Item 11
d. Initial and Ongoing Training	Section 4	Item 11
e. Opening	Sections 8	Item 7 and Item 11
f. Fees	Section 5	Item 5, Item 6 and Item 7
g. Compliance with standards and policies / Operating Manual	Sections 8 and 9	Item 11, Item 12, Item 13 and Item 15
h. Trademarks and proprietary Information	Section 7	Item 8, Item 13 and Item 14
i. Restrictions on products/services offered	Sections 8	Item 8 and Item 16
j. Warranty and customer service requirements	Section 12	Item 8
k. Territorial development	Section 8	Item 12
l. Ongoing product/service purchases	Section 8	Item 8
m. Maintenance, appearance and remodeling requirements	Section 8	Item 8
n. Insurance	Section 17	Item 7
o. Advertising	Section 10	Item 11
p. Indemnification	Section 19	Item 19
q. Owner's participation / management / staffing	Section 12	Item 15
r. Records/ reports	Section 11	Item 11
s. Inspections/ audit	Section 11	Item 6
t. Transfer	Section 13	Item 6 and Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 12	Item 17
x. Dispute resolution	Section 23	Item 17

ITEM 10. FINANCING

CNI does not offer direct or indirect financing. We do not guarantee your note, lease or obligation. CNI may propose financial institutions specialized in the financing of franchise businesses

ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as disclosed below, CNI need not provide any assistance to you.

A. Before you open your business, CNI will:

1. At signing of the franchise agreement and full payment received, CNI will immediately provide you with limited territory demographic estimates, start up marketing and training business set up activities and assistance. Franchise Agreement Section 4.
2. At signing of the franchise agreement and full payment received, CNI will immediately order standard, custom and semi-custom supplies, equipment, licensed software tools and marketing supplies for your home-based business, mobile office and start up marketing for your Concerto Networks business. Franchise Agreement Section 4.
3. Before signing of the Franchise Agreement, we will designate a Territory/Focused Service Area (FSA). Our designation of a territory is not a representation that the territory will be successful. To assist in managing our system with the "No Poaching Rule", you must formally claim your accounts or individual clients in our approved system. The accounts and individual clients claimed may be reviewed and approved by the Area Developer and/or CNI, as specified in the Operations Manual. Periodically, CNI will review each territory to research the growth in homes, population and small businesses. CNI has the right to add another franchise in an existing territory, if the research shows a need to support the homes, population and small businesses. Franchise Agreement Section 1.
4. At signing of the franchise agreement and full payment received, CNI will provide you with a CNI approved sales channel and CNI approved vendor and you must purchase a complete equipment package for the CNI Franchise Point Of Sale (POS) and Dispatch System and computer network office system. The equipment package will contain all required laptop computer, software, cell phone and service, network security appliance and other equipment for operation of your Concerto Networks franchise. We will also have available your franchise vehicle "wrapped" graphics package with Concerto Networks trademarked logos and advertising for the franchise business. You must purchase the graphics package from CNI's sales channel. Franchise Agreement Section 4.
5. At signing of the franchise agreement and full payment received, CNI will loan you one Concerto Networks Operations Manual (which may be provided on CD ROM) for each franchise. The manual specifies standard operational procedures, policies, rules and regulations established by CNI with which you must comply. The Table of Contents of the Operations Manual is at Exhibit "F" (Section 9 of the Franchise Agreement). The CNI Operations Manual contains copyrighted and CNI proprietary material and must not be copied or distributed to unauthorized individuals and/or companies. Franchise Agreement Section 4.
6. At signing of the franchise agreement and full payment received, CNI will furnish you with the then current standards and specifications applicable to any CNI approved vendor services, equipment, supplies and other products. Due to rapid changes and advances in technology, we review and update our approved vendor services, hardware and software requirements on an ongoing basis and on occasion require that certain components be upgraded or brought up to current standards. Cost and frequency are typically dictated by vendors and not by us. We will also provide a list of the approved manufacturers and distributors to you. Franchise Agreement Section 8.
7. At signing of the franchise agreement and full payment received, CNI will provide you training. As part of your training, you must attend and complete to our satisfaction classroom training at our corporate headquarters or a designated location. We will provide instructions and training materials for required training programs. You must pay the training fee of \$4,800 for the first person and \$1,800 for each additional person attending training. You

must also pay all travel and living expenses during the training session. All owners or partners of a CNI Franchise must attend the initial training. Your employees or subcontractors who plan to provide onsite services as part of the Concerto Networks System must also attend a specified training program provided by you or CNI. To obtain the maximum benefit from training, you are expected to have a working knowledge of computers and IT. If your franchise will be located in an area in which a Concerto Networks Area Developer is operating, then the Area Developer in that area will be responsible for providing you with local assistance in your area. Franchise Agreement Section 4.

8. Update or upgrade on computer hardware or software. During the term of your franchise, you may be required to update or upgrade your computer hardware and software. CNI offers no contractual limitations on the cost and frequency of the obligation to update or upgrade your computer hardware or software. Franchise Agreement Section 8.

Training Program

The following table summarizes your initial training program.

Sunday	Monday	Tuesday	Wednesday
Arrival	1. Introduction and Company Overview 2. Business Planning 3. Operations and Procedures 4. Company Image 5. Technical Session	1. Ethics, Copyright, Licensing and Security Policies. 2. General Business 3. Technical Session 4. General Business 5. Technical Session	1. Advertising 2. Marketing 3. Customer Service 4. General Business 5. Technical Session 6. General Business 7. Technical Session
Thursday	Friday	Saturday	Sunday
1. Technical Session 2. General Business 3. Technical Session 4. Company Events 5. Technical Session	1. Technical Session 2. General Business 3. Technical Session 4. Company Events 5. Technical Session 6. Graduation		

*We reserve the right to make changes in our training curriculum, scheduling, staff or subcontractors at anytime.

Mandatory Training- Our training program may be held up to four times a year or as needed. It is a mandatory training program that must be attended by you prior to starting your Concerto Networks business. Your manager or employees who plan to provide onsite services as part of the Concerto Networks System must attend a training session supplied by you or CNI. Additional training programs are offered at the Annual Convention and Regional Meetings.

Instructors for the training program will be employees of subcontractors or ours with experience in the subject matter of their presentations. We reserve the right to make changes in our training staff or subcontractors at any time.

Instructor	Subject	Experience	Time
Ray Hivoral, , Eric Tobias	Company Overview. Business Planning	15 years Business Mgt and 20 years Technical	6 hours
Jim Blackburn	Operations and Procedures	15 years Operations	6 hours
Jim Blackburn	Ethics, Copyright and Security Policies	5 years Franchising.	2 hours
Ray Hivoral,	Business Management	15 years Business Mgt.	2 hours
Allison Chirdon, Ray Hivoral,	Advertising and Marketing	5 years and 15 years and 17 years Mktg.	6 hours
Jim Blackburn	Customer Service and Sales	15 years	4 hours
TBD	Business Owner or Operator Model	TBD	4 hours
TBD	Employees or using Subcontractors	TBD	TBD
TBD	IT Applications	TBD	4 hours
TBD	The Business World of IT	TBD	2 hours
TBD	Network and Partner Applications	TBD	3 hours
Eric Tobias	Safety	15 years Operations	1 hour
Eric Tobias	Hardware Applications Overview	20 years Technical	4 hours

B. During the operation of your franchise business, Concerto Networks will:

1. Establish and administer an Advertising Fund for all franchised businesses located in your region, in accordance with the Franchise Agreement. The Advertising Fund is funded with an advertising fee paid by CNI's total number of Franchises. The Advertising Fee is equal to 2% of your total gross billable service hour/rates revenues. Half of the Advertising funds will be spent on local advertising for your CNI franchise and may include expenditures for direct mail solicitation and other methods to be determined as the franchise network grows. The other half of the Advertising Fee will be available to be returned to you to be used as "matching funds" for local advertising purchased by you. Advertising materials will be produced by us or your professional marketing agencies. Advertising funds not spent in the fiscal year in which they were accrued will be retained in the advertising fund and be used in the following year, or as soon as prudently reasonable. Franchise Agreement Section 10.
2. Administer the Marketing Fee contributions in its sole discretion. The Marketing Fees may be used for any purpose we determine in our discretion. Franchise Agreement Section 10.
3. We will review and supply all advertising and promotional materials which you propose to use in your territory at your expense, as required, in addition to the use of the Advertising Fund. Franchise Agreement Section 10.
4. Provide a statement to you of the annual receipts and expenses of the Advertising Fund for the prior fiscal year, upon your written request. This financial statement need not be audited. Franchise Agreement Section 10.
5. Provide non-technical business support via telephone or email consultation during normal business hours. Franchise Agreement Section 4.
6. Provide various maintenance and technical support mandatory programs for Concerto Networks equipment and software for the fees described in the Operating Manual and supplemental notices. We have the option to support directly or through vendors. Franchise Agreement Section 4.
7. Arrange for direct mail and telemarketing programs for your benefit at such times and in a manner determined by us. You must pay for direct costs of up to \$4,000 per year, unless you and CNI mutually agree to an increase in direct costs. Franchise Agreement Section 10.
8. Pay Commission to you of a percentage of Gross Revenue from an Approved Sales Channel Transaction as specified in Section 6 of the Franchise Agreement. The Commission rates are determined according to the terms negotiated with each provider of the product or service. At any time and without notice, CNI has the right to change the commission rate or change the specified service or sales offering, which changes may go into effect immediately. Franchise Agreement Section 6.

We estimate that the typical length of time between signing the Franchise Agreement and beginning operation of your franchise will be between 2 and 3 months. The factors that affect this time include the ability to obtain financing to acquire your franchise vehicle and other equipment, attendance at training, and other factors beyond our control.

You may not develop advertising materials for your own use. You must use CNI's approved advertising and marketing materials, available through CNI or CNI's approved channels, at your expense, as required.

At our direction, you must participate in a regional Ad Association. Geographical boundaries of the Ad Association are determined by us. All of the CNI Franchises in your area must administer the Ad Association. The Ad Association must be organized and governed in a form and manner approved by a majority of its members and consistent with our guidelines.

You must contribute to our Advertising Fund. The advertising fees are deposited in a separate advertising account ("Advertising Fund") and are not commingled with our general revenues. We may allocate up to 15% of all advertising fee contributions for internal expenses in administering the advertising fund. 50% of all advertising fees are set aside in a separate account by us and will be available as matching funds for use by the Ad Association as described in Section 10 of the Franchise Agreement. The Ad Association must request CNI's approval before the

use of these funds for any specific advertising use. The Advertising Fees may only be used for advertising and promotional use. You must join and participate in a regional Ad Association when notified by us. You and the other CNI Franchises who participate in the Ad Association in your area will determine by majority vote what additional amounts, if any, will be contributed to the Ad Association by franchises in the area, when these amounts will be payable, and for how long. The Ad Association contributions, if agreed to by the CNI Franchisees, are therefore not currently determinable. We are not required to spend advertising fund contributions to benefit you or any group of CNI Franchises in proportion to your actual contributions or in any other manner. We administer the Advertising Fund. The fund is not currently audited and financial statements of the fund are separately available.

During the last calendar year of the Advertising Fund (ending December 31, 2005), the Advertising Fund spent 45% of its income on the production of advertisements and other promotional materials, 35% for media placement, 12% for general and administrative expenses, and 8% for other expenses such as give-away items given to customers of Concerto Networks franchises as part of promotional programs.

We are not required to spend any amount on advertising in your territory. Contributions to the Advertising Fund are placed in a separate account and may only be used for advertising and promotional purposes. We will not spend Advertising Fund contributions on soliciting the sale of franchises. However, we reserve the right to indicate that CNI is a franchise opportunity and include our phone number in all advertising. We are allowed to allocate 15% of Advertising Fund contributions for our own overhead expenses.

We will have access to your Point of Sale (POS) and client database and accounting information. There are no contractual limitations on our use of the information and data from your computer or use of CNI's proprietary POS service.

Concerto Networks' Point of Sale (POS) System- You must purchase a web-based POS system for your individual Concerto Networks franchised business. You must purchase computer hardware and software for your business, as follows:

Item	Description	Manufacturer	Model Number (if applicable)	Estimated Cost	Supplier Channel
Point Of Sale and Dispatch System	POS Laptop Computer System (min. specs) P4 2Ghz min, with Modem and LAN/WAN, 512Mg RAM, 40Gig HD, 14In Screen, USB	Determined and approved by CNI	TBD	\$1,700	Determined and approved by CNI
Multifunction Printer/FAX and Point Of Sale (POS) portable printer	Color Inkjet or Laser Multifunction Printer/FAX and POS portable printer	Determined and approved by CNI	TBD	\$200-450	Determined and approved by CNI
Approved Dispatch equipment, Cellular phone, Cellular Service and internet access card and accessories	PDA-Cellular phone and you must have a internet access card with cellular WAN connectivity (Wide Area Networking).	Determined and approved by CNI	TBD	\$650 for phone plus \$100/month for Service	Determined and approved by CNI
Software(s)	Initial set of Licensed Software Tools, as specified	TBD	TBD	\$2,000	Determined and approved by CNI
Software	MS Office, MS XP OS	Microsoft	TBD	\$300	Determined and approved by CNI

ITEM 12. TERRITORY

Before signing the CNI Franchise Agreement, CNI and you will mutually agree to a specified Territory/Focused Service Area (FSA) and we will designate a territory to serve as the territory in which you are authorized to operate your Concerto Networks business. The focused service area will generally be the area in which you reside. CNI recommends that you procure a market feasibility study to assist in locating suitable locales within the territory in which to conduct business. Focused Service Area territories are generally based on population and other relevant market data, and a Franchisee focused service area contains a population in the approximate range of 2,000 to 3,000 small businesses (1-100 employees) and up to 25,000 households.

You must formally claim your accounts or individual clients in your territory/FSA as described in the operations manual and as part of the Concerto Networks "System". This also supports and assists in the system's "No Poaching" rule that may benefit all CNI franchisees. The accounts and individual clients that you claim may be reviewed and approved by the Area Developer and/or CNI, as specified in the Operations Manual as part of the Concerto Networks "System".

You will not receive an exclusive territory. CNI may establish other franchised or company owned outlets that may compete with your location. Periodically, CNI will review each territory/FSA to research the growth in homes, population and small businesses. CNI has the right to add another franchise in an existing territory, if the research shows that there has been a significant increase in population, your inability to support the growing demand and other relevant factors in the territory and consequently an increased need to support the homes, population and small businesses. Your territory/FSA will be specified or described in Schedule A.

Under a franchise agreement, you are authorized to purchase and operate an Individual CNI Franchise. If you wish to operate more than one franchise, you must purchase another franchise. Purchasing additional franchises may be offered by CNI at a discount.

We give you the right, subject to the provisions described below, to operate, advertise and promote your Concerto Networks business within your territory/FSA. Continuation of your franchise in your territory/FSA is not dependent upon achievement of any sales volume, market penetration or other contingency.

You may offer and deliver services in your territory to any person or firm residing within your territory/FSA. In the event you wish to operate your business outside your territory/FSA, you must first obtain approval from CNI and operate in accordance with policy and procedures in the operations manual. Advertising that cannot be limited to your territory, for example, radio and television commercials or newspaper advertising, must include CNI's web site (www.concertonetworks.com) and/or our 1-866 toll free dispatch number (1-866-ITCONCERTO) and may include as the addresses and telephone numbers of all Concerto Networks franchises located within the media market where you are conducting the advertising or promotion, provided that these other CNI Franchises pay their pro-rata share.

Concerto Networks may engage in direct marketing programs of its products and services on a nation wide basis using its Trademarks and, to the extent feasible, will offer fulfillment of these products and services through the franchised network. (For example, CNI may develop national direct mailing campaigns to offer virus protection service plans or software with a \$10 rebate offer sponsored by CNI's corporate office).

The Franchise Agreement does not give you the right to acquire additional franchises or any right of first refusal to acquire any existing franchises.

The company, its agents, partners, vendors or area developers may also engage in customer acquisition programs. The company will attempt wherever possible to direct these customers to CNI Franchises located where the customer resides. (For example, CNI may attain small business directory lists or approach national accounts and CNI may conduct a direct marketing program to acquire these customers and direct them to the local CNI Franchises for service).

We may establish another franchise which may also use our trademarks. We may establish company-operated outlets or other channels of distribution using our trademarks. We may establish other franchises or company-owned outlets or another channel of distribution selling or leasing similar products or services under a different trademark.

ITEM 13. TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us, including the Marks below. These Marks may be used only in the manner we authorize and only for the operation of your Concerto Networks business at the location specified in the Franchise Agreement.

We have filed an application with the U.S. Patent and Trademark Office (PTO) for registration which is currently pending for the following principal Marks on the Principal Register based on "intent to use" the Marks:

Description	Federal Registration Application Number	Date of Application
Concerto Networks®	#78187252	Registered 02-10-2004
Welcome to the Simple Office™	#78463684 / 78463350 / Pending	08-06-2004
Simple Office™	#78463336 / Pending	08-06-2004
Conductor's Baton Design	#78463654 / 78463412	Registered 02-21-2006

There are no currently effective determinations of the PTO regarding our pending trademark application(s). By not having a Principal Register federal registration for our Concerto Networks pending trademark(s), Concerto Networks does not have certain presumptive legal rights granted by registration. There is no pending material litigation involving any of the Marks that may significantly affect the application or use of any Mark.

We know of no superior prior rights or infringing uses of the Marks that could materially affect your use of the Marks in this or any other state. There are no obligations by you to notify us of the use of or claims of rights to trademarks identical to or confusingly similar to a trademark franchised to you.

Concerto Networks grants you the right to operate one facility under the name Concerto Networks. You may also use other current or future trademarks approved by Concerto Networks to operate your business. By trademark ("Mark"), we mean trade names, trademarks, service marks and logos used to identify your business.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks listed above in a manner material to you.

You must use the Marks in full compliance with rules that we prescribe. You may not use the Marks as part of your corporate name, or any domain name, or with any prefix, suffix or other modifying terms, words, symbols or designs. Our marks may not be used in conjunction with the sale of any un-authorized product or service.

You must not directly or indirectly contest our right to our Marks, trade secrets or business technologies. Your usage of our Marks is for our exclusive benefit. You are not entitled to any goodwill from the use of our Marks. We make no representations or warranty as to the use, exclusive ownership, validity or enforceability of the Marks.

You must notify us immediately of any infringement or challenge to our use of Marks, and we have the sole right to take whatever action we decide is appropriate. You must assist us, at our expense and request, in taking any action that we decide is necessary to stop infringement. You may not take any action on our behalf without our prior written permission. If we engage in litigation or any action to protect our Marks, you must sign any documents and take any action that our attorneys and we believe is reasonably necessary to protect our rights to the Marks. We do not have to take any action relating to the Marks, or to indemnify you for any costs and expenses you may incur from using the Marks.

You must give notices of trademark and service mark registrations as specified by us. You must obtain any fictitious or assumed name registrations required under applicable law. You must comply within a reasonable time if we notify you that the use of any of the Marks is being discontinued or modified. If this happens, you must pay the costs of compliance. You may not advertise or use in advertising or any other form of promotion, the trademarks without appropriate copyright and registration Marks or the designations TM or SM where applicable.

Notice to residents of Minnesota

Minnesota law requires us to protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

**ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

At this time, we do not own any patents. We may submit an application to patent our proprietary system at any time. We claim common law copyrights on our printed materials, including the Operations Manual and all other printed materials, but no copyright is currently registered. We claim proprietary rights to the Operations Manual and to the customer databases for each center in the confidential information and trade secrets provided to you as described in the Franchise Agreement and Operations Manual. You must not use the proprietary information or trade secrets in any other business and must maintain its confidentiality. You must also use reasonable procedures to prevent the unauthorized use of our trade secrets. Our right to use or franchise these items is not materially limited by any agreement or known infringing use.

You must tell us immediately if you learn about an infringement or challenge to our use of known patents or copyrights. We will take the action we think appropriate. You must also agree not to contest our interest in these or our other trade secrets.

If we decide to add, modify or discontinue the use of an item or process covered by a patent or copyright, you must also do so. We may reimburse you for the tangible cost of complying with this obligation.

Although we are not obligated to defend your use of known patents, proprietary information, trade secrets or copyrighted material, we may reimburse you for damages and reasonable costs incurred in litigation about them

ITEM 15.
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Your franchised business must be supervised by you or an onsite manager who has successfully completed our training course.

If you are a corporation, partnership or other entity, you must appoint an approved franchise manager who is responsible for the management and operation of the franchise on a full time basis, and your corporation or other entity must be newly organized exclusively for the purpose of operating your Concerto Networks franchise.

Your manager cannot have an interest in or business relationship with a competing business, must sign an agreement with you to keep our trade secrets confidential, and if permitted by law in your state, must sign a covenant not to compete with you.

You and your managers must not have an interest in a business the same as or similar to Concerto Networks without our written consent. Each person who owns a 15% or greater interest in the franchise must also sign an agreement assuming and agreeing to discharge all obligations of the franchise under the Franchise Agreement. The manager is not required to have any ownership interest in the franchise.

We do not require that you personally supervise the franchised business. The business must be directly supervised "on-premises" by a manager who has successfully completed our training program. The on-premises manager can not have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in a corporation or partnership franchise. The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

You must devote sufficient time and attention to the business to ensure efficient operation in compliance with our system. You and all principals of your corporation must personally guarantee the franchisee's obligations. Also, you and all principals must agree to non-competition and confidentiality covenants.

You must invest in money and resources to advertise and market your business on a regular basis. These types of activities are critical elements in the initial development and sustaining operations of your business. All advertising is subject to our prior written approval.

You must review, sign and agree to CNI's Email Account Services Program and Indemnity Agreement (EXHIBIT G-1).

You must review, sign and acknowledge CNI's Risk Factors Associated with the Purchase of a CONCERTO NETWORKS® FRANCHISE (EXHIBIT G-2).

You must allow CNI to have access to your business' operating statements, balance sheet and other related financial documents and reports. CNI may assist you in evaluating your business' financial condition and actual performance in comparison to your business plan. (See Franchise Agreement, Section 11).

You must follow all applicable local, state and federal legal rules and regulations and OSHA safety requirements in operating your franchise business in your territory.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer at your franchised business only the services and products we authorize, and we may add or change the types of additional authorized goods and services that you must offer, and discontinue any services we presently offer. There are no limits on our ability to make these changes. However, we will not change the fundamental nature of the business or require you to sell goods and services that are not compatible with an IT (Information Technology) Business Technology service franchise business.

You may have the option to develop local partnerships and vendors. If you want to offer additional products and services with local partners and vendors as a part of your franchised business, you must get our prior written approval before doing so. If additional products and services are required to be offered, you may incur added costs as a result of required equipment purchases, supply purchases or leasehold improvements.

You must use the franchise vehicle solely for the operation of your CNI business, except as may otherwise be permitted in writing from us. You must keep the business open and in normal operation as we may periodically specify in the Operations Manual, or as we may otherwise approve in writing.

You may sell or offer for sale only these products and services as meet our uniform standards of quality and quantity, which are expressly approved for sale in writing by us, and using the approved equipment in accordance with our methods and techniques. You may sell or offer for sale all approved items and must not make any changes to our standards and specifications for selling approved products and services without our prior written consent. You must stop selling and offering for sale any items as we may, in our discretion, not approve in writing at any time.

You are prohibited from accepting any form of payment from vendors or suppliers who offer products or services of any nature to CNI Franchises.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular. If you are a resident of the State of California, please refer to Exhibit E for the California Addendum.

Provision (Item 17 cont.)	Section in Franchise Agreement (F.A.)	Summary
(a)Term of the franchise	Section 3	10 years with an option to renew for successive 10 year terms.
(b)Renewal or extension of the term.	Section 3	If you are in good standing, you can add additional 10 year terms, unless notice not to renew is delivered at least 7 months before. You may need a new franchise vehicle before renewal.
(c) Requirements for you to renew or extend	Section 3	Sign new agreement, pay renewal fees of 25% of then-current initial franchise fee and upgrade equipment to current standards.
(d)Termination by you	Section 14	None
(e) Termination by CNI without cause	None	CNI will not terminate without cause
(f) Termination by CNI with cause	Section 14	You are insolvent or adjudicated or cease to operate your business, are convicted of a crime, make material misrepresentation, etc.
(g) "Cause" defined: Defaults which can be cured	Section 14	You have 10 days for monetary and 30 days for non-monetary defaults.
(h) "Cause defined: Defaults which cannot be cured.	Section 14	Non-curable defaults: You are insolvent or file bankruptcy, abandon or cease to operate your business, are convicted of a crime, make misrepresentation or any other default listed in Sections 18.1 and 18.2.
(i)Your obligations on termination and/or non-renewal	Section 16	Obligations include complete de-identification and payment of amounts due to CNI and any interest due. Return all manuals, transfer all phone numbers and customer databases associated with the business, assign a lease if requested, and comply with all confidentiality restrictions and covenants not to compete.
(j) Assignment of contract by CNI.	Section 13	Franchise Agreement is fully assignable by CNI without restrictions.
(k)Transfer by "you" - definition	Section 13	Includes transfer of Franchise Agreement or assets or ownership change.
(l)CNI approval of transfer by You	Section 13	CNI has the right to approve all but will not unreasonably withhold approval.
(m)Conditions for CNI approval of transfer by You	Section 13	New franchisee qualifies, transfer fee and other fees paid, no default, current agreement signed by new franchisee or assignment signed, upgrade of Franchise training completed, release signed by you.
(n)CNI right of first refusal to acquire your business	Section 13	CNI can match any offer for Your CNI franchise business.
(o)CNI option to purchase your business	Section 13	On termination, CNI has the option to purchase the assets of your business.
(p)Your death or disability	Section 13	Your Franchise must be assigned by estate to an approved buyer in 6 months after death or disability.
(q)Non-competition covenants during the term of the franchise	Section 12	No involvement in a competing business anywhere in U.S.

Provision (Item 17 cont.)	Section in Franchise Agreement (F.A.)	Summary
(r)Non-competition covenants after the franchise is terminated or expires.	Section 12	No competing business for two years by you or your affiliates within a radius of 50 miles from your franchise territory or any other CNI franchise business.
(s)Modification of the agreement	Section 20, 24	No modification generally unless in writing and signed by you and CNI but our Operations Manual is subject to change.
(t)Integration/merger clause	Section 24	Only the terms of the franchise related agreements and Operations Manual are binding. Other promises may not be enforceable.
(u)Dispute resolution by arbitration	Section 23	Arbitration required, but provisional and injunctive relief may be obtained in court.
(v)Choice of forum	Section 23	San Diego, California
(w)Choice of law	Section 23	California law applies.

These states have statutes which may supersede your Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [State. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. State. Section 42-133e et seq.], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. State. Section 482E-1], ILLINOIS [ILCS, Ch. 815, Section 705/19-705/20], INDIANA [State. Section 23-2-2.7], IOWA [Code Sections 523H.1-523h.17], MICHIGAN [State. Section 19.854(27)], MINNESOTA [State. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [State. Section 407.400], NEBRASKA [Rev. State. Section 87-401], NEW JERSEY [State. Section 56:10-11], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [State. Section 135.03]. These and other states may have court decisions which may supersede the franchise agreement in your relationship with us, including the area of termination and renewal of your franchise.

The following disclosures apply to residents of the respective states indicated below:

Notice to residents of California:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise.

Notice to residents of Illinois:

The Illinois Franchise Disclosure Act requires that all provisions of the franchise agreement must comply with the provisions of that Illinois law. Any release required to be signed by Franchisee must comply with the Illinois Franchise Disclosure Act.

The Illinois Franchise Disclosure Act requires that Illinois law govern this Agreement, and that Illinois be the permitted site for jurisdiction and venue.

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Notice to residents of Maryland:

The provisions in the franchise agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

Pursuant to Maryland Regulation COMAR 02.02.08.16L, any 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.

Any requirement to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law 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.

Notice to residents of Minnesota:

Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statute Section 80C.14, Subdivisions 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of a termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Offering Circular or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota law prohibits a Franchisor from requiring a Franchisee to assent to a general release.

Notice to residents of New York:

New York law provides that:

- a. the Franchisee may terminate this Agreement on any grounds available by law; and
- b. the Choice of Law provisions should not be considered a waiver of any right conferred upon the Franchisor or Franchisee by the General Business Law of the State of New York, Article 33.

Notice to residents of North Dakota:

North Dakota law states that:

- a. a requirement that a Franchisee sign a general release upon renewal of the Franchise Agreement is not enforceable;
- b. a requirement that arbitration or mediation of disputes to be held at a location that is remote from the site of the Franchisee's business is not enforceable;
- a. a requirement that a Franchisee consent to jurisdiction of courts outside of North Dakota is not enforceable;
- b. a provision that the Franchise Agreement be governed by the laws of a state other than North Dakota are not enforceable.

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

Notice to residents of Rhode Island:

Section 19-26.1-14 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."

Notice to residents of South Dakota:

The state of South Dakota requires the following disclosure:

Covenants not to compete upon termination of the Franchise Agreement are generally unenforceable in the State of South Dakota.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

Notice to residents of Washington:

The Washington Franchise Investment Protection Act provides that, in the event of a conflict of laws, the Washington law will prevail.

For further information about your state's franchise laws, please consult your attorney.

**ITEM 18.
PUBLIC FIGURES**

Concerto Networks does not use any public figure to promote our franchise.

**ITEM 19.
EARNINGS CLAIMS**

CNI does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Concerto Networks outlet. Actual results may vary from franchise to franchise and CNI cannot estimate the results of any particular franchise.

**ITEM 20.
LIST OF OUTLETS**

For fiscal year ending 2002, Concerto Networks did not have any franchise units sold or in operation. The franchise units shown below are for Concerto Networks franchises. For the most recent fiscal year, the number of franchises sold, in operation, or otherwise, are shown below.

In this FOC, refer to Franchise Agreement (Exhibit B), Schedules 4 and 5 containing the list of current and terminated franchisees. Note: All numbers are as of December 31 for each year.

Individual Franchise Status Summary for year 2004/2005

	State	Transfers	Canceled/ Terminated	Not Renewed	Reacquired By CNI	Left the System/ Other	Total from left columns	Franchisees Operating At Year End	New Individual Franchises 1/1/06- 03/31/06
1	Alabama	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
2	Alaska	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
3	Arizona	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
4	Arkansas	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
5	California	0/0	0/3	0/0	0/0	0/0	0/0	5/9	0
6	Colorado	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
7	Connecticut	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
8	Delaware	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
9	Florida	0/0	0/0	0/0	0/0	0/0	0/0	2/0	0
10	Georgia	0/0	0/1	0/0	0/0	0/0	0/0	0/2	0
11	Hawaii	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
12	Idaho	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
13	Illinois	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
14	Iowa	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
15	Indiana	0/0	0/0	0/0	0/0	0/0	0/0	0/1	1
16	Kansas	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
17	Kentucky	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
18	Louisiana	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
19	Maine	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
20	Maryland	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
21	Massachusetts	0/0	0/0	0/0	0/0	0/0	0/0	1/1	0
22	Michigan	0/0	0/0	0/0	0/0	0/0	0/0	0/1	1
23	Minnesota	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
24	Mississippi	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0

Cont.	State	Transfers	Canceled/ Terminated	Not Renewed	Reacquired By CNI	Left the System/ Other	Total from left columns	Franchisees Operating At Year End	New Individual Franchises 1/1/06- 03/31/06
25	Missouri	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
26	Montana	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
27	Nebraska	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
28	Nevada	0/0	0/0	0/0	0/0	0/0	0/0	0/2	0
29	New Hampshire	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
30	New Jersey	0/0	0/0	0/0	0/0	0/0	0/0	3/3	0
31	New Mexico	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
32	New York	0/0	0/0	0/0	0/0	0/0	0/0	1/1	0
33	North Carolina	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
34	North Dakota	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
35	Ohio	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
36	Oklahoma	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
37	Oregon	0/0	0/1	0/0	0/0	0/0	0/0	1/0	0
38	Pennsylvania	0/0	0/0	0/0	0/0	0/0	0/0	2/2	0
39	Rhode Island	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
40	South Carolina	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
41	South Dakota	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
42	Tennessee	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
43	Texas	0/0	0/0	0/0	0/0	0/0	0/0	0/1	0
44	Utah	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
45	Vermont	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
46	Virginia	0/0	0/0	0/0	0/0	0/0	0/0	1/1	0
47	Washington	0/0	0/1	0/0	0/0	0/0	0/0	1/0	0
48	West Virginia	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
49	Wisconsin	0/0	0/0	0/0	0/0	0/0	0/0	0/0	1
50	Wyoming	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0
	Totals	0/0	0/6	0/0	0/0	0/0	0/0	17/32	3

COMPANY OWNED STORES

Company owned stores as of December 31, 2005

(Updated 12/31/05)

State	Stores Closed During Year	Stores Opened during Year	Total Stores Operating at Year End
All states	0	0	0
Totals	0	0	0

PROJECTED INDIVIDUAL FRANCHISE OPENINGS

Projected Openings as of 12-31-05 for CNI Individual Franchises. **Successfully completed CNI's pre-qualification franchise award process.

	State	Franchise Agreement Signed/Not Open	**Projected New Franchises in the next year	Projected Co. Owned Franchises in the next year
1	Alabama	0	0	0
2	Alaska	0	0	0
3	Arizona	0	4	0
4	Arkansas	0	0	0
5	California	0	7	0
6	Colorado	0	1	0
7	Connecticut	0	1	0
8	Delaware	0	0	0
9	Florida	0	5	0
10	Georgia	0	1	0
11	Hawaii	0	0	0
12	Idaho	0	0	0
13	Illinois	0	2	0
14	Iowa	0	0	0
15	Indiana	0	2	0
16	Kansas	0	1	0
17	Kentucky	0	1	0
18	Louisiana	0	1	0
19	Maine	0	0	0
20	Maryland	0	1	0
21	Massachusetts	0	3	0
22	Michigan	0	1	0
23	Minnesota	0	0	0
24	Mississippi	0	1	0
25	Missouri	0	1	0
26	Montana	0	0	0
27	Nebraska	0	0	0
28	Nevada	0	3	0
29	New Hampshire	0	2	0
30	New Jersey	0	2	0
31	New Mexico	0	0	0
32	New York	0	2	0
33	North Carolina	0	3	0
34	North Dakota	0	0	0
35	Ohio	0	3	0
36	Oklahoma	0	1	0
37	Oregon	0	1	0
38	Pennsylvania	0	3	0
39	Rhode Island	0	0	0
40	South Carolina	0	1	0
41	South Dakota	0	0	0
42	Tennessee	0	1	0
43	Texas	0	2	0
44	Utah	0	2	0

Cont.	State	Franchise Agreement Signed/Not Open	Projected New Franchises in the next year	Projected Co. Owned Franchises in the next year
45	Vermont	0	0	0
46	Virginia	0	3	0
47	Washington	0	1	0
48	West Virginia	0	0	0
49	Wisconsin	0	1	0
50	Wyoming	0	0	0
	Totals	0	64	0

PROJECTED AREA DEVELOPER OPENINGS

Status of Projected Openings of Area Developers as of 12/31/05 **Successfully completed CNI's pre-qualification franchise award process.

	State	Franchise Agreement Signed/Not Open	**Projected New Areas in the next year	Projected Company Owned Areas in the next year
1	Alabama	0	0	0
2	Alaska	0	0	0
3	Arizona	0	3	0
4	Arkansas	0	0	0
5	California	0	6	0
6	Colorado	0	1	0
7	Connecticut	0	1	0
8	Delaware	0	0	0
9	Florida	0	4	0
10	Georgia	0	1	0
11	Hawaii	0	1	0
12	Idaho	0	0	0
13	Illinois	0	0	0
14	Iowa	0	0	0
15	Indiana	0	2	0
16	Kansas	0	1	0
17	Kentucky	0	1	0
18	Louisiana	0	1	0
19	Maine	0	1	0
20	Maryland	0	1	0
21	Massachusetts	0	2	0
22	Michigan	0	1	0
23	Minnesota	0	1	0
24	Mississippi	0	1	0
25	Missouri	0	1	0
26	Montana	0	0	0
27	Nebraska	0	0	0
28	Nevada	0	2	0
29	New Hampshire	0	1	0
30	New Jersey	0	3	0
31	New Mexico	0	0	0
32	New York	0	2	0
33	North Carolina	0	2	0
34	North Dakota	0	0	0
35	Ohio	0	2	0
36	Oklahoma	0	1	0
37	Oregon	0	1	0
38	Pennsylvania	0	3	0

Cont.	State	Franchise Agreement Signed/Not Open	Projected New Areas in the next year	Projected Company Owned Areas in the next year
39	Rhode Island	0	0	0
40	South Carolina	0	1	0
41	South Dakota	0	0	0
42	Tennessee	0	1	0
43	Texas	0	2	0
44	Utah	0	2	0
45	Vermont	0	0	0
46	Virginia	0	1	0
47	Washington	0	2	0
48	West Virginia	0	0	0
49	Wisconsin	0	1	0
50	Wyoming	0	0	0
	Totals	0	57	0

**ITEM 21.
FINANCIAL STATEMENTS**

Attached as Exhibit "A":

Consolidated audited financial statements for Concerto Networks Inc. as of December, 31, 2005
Consolidated audited financial statements for Concerto Networks, Inc. as of December 31, 2004
Consolidated audited financial statements for Concerto Networks, Inc. as of December 31, 2003

**ITEM 22.
CONTRACTS**

The following contracts are offered in this state:

Exhibit B - FRANCHISE AGREEMENT
SCHEDULE 1 - DESCRIPTION OF TERRITORY
SCHEDULE 2 - PERSONAL GUARANTEE
SCHEDULE 3 - NONDISCLOSURE AND CONFIDENTIALITY
SCHEDULE 6 - SAMPLE OF GENERAL RELEASE

Exhibit G-1: EMAIL ACCOUNT SERVICES PROGRAM AND INDEMNITY AGREEMENT
Exhibit G-2: RISK FACTORS ASSOCIATED WITH THE PURCHASE OF A CONCERTO NETWORKS®
FRANCHISE
Exhibit H-1, H-2: CONFIRMATION OF COMPLIANCE WITH "5 DAY RULE"
Exhibit I: LETTER OF INTENT, INITIAL REVIEW FEE

**ITEM 23.
RECEIPT**

Attached as Exhibit "I" to this Offering Circular is a Receipt prepared in duplicate. Please sign both copies.

Keep one copy for your records and return the other copy to:

Concerto Networks, Inc.
Attention: Franchise Compliance
610 West Ash Street, Suite 1501
San Diego, CA 92101
Fax: (619) 501-4531