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EXHIBIT A

FRANCHISE AGREEMENT

DALE CARNEGIE & ASSOCIATES, INC.
UNITED STATES OF AMERICA TERRITORY
FRANCHISE AGREEMENT

BUSINESS NAME: _____

ADDRESS: _____

TERRITORY: _____

EFFECTIVE DATE: _____

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DALE CARNEGIE & ASSOCIATES, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, _____ (the "Effective Date"), between DALE CARNEGIE & ASSOCIATES, INC., a New York corporation with its principal office at 290 Motor Parkway, Hauppauge, New York 11788 ("DC&A," "we" or "us") and _____ whose principal address is _____ ("Franchisee" or "you").

1. BACKGROUND

1.1 Carnegie Businesses, Carnegie Programs and the Carnegie System

We have developed a proprietary system (the "Carnegie System" or the "System") for developing, opening and operating businesses ("Carnegie Businesses") specializing in the offer, sale and teaching of certain of DC&A's proprietary instructional programs and related services, including, but not limited to, consulting services, organizational development products and services, needs assessments, evaluations, interviews and executive summary sessions (the "Carnegie Programs"), and other related merchandise from and at training centers (each, a "Carnegie Center"). The Carnegie System and Carnegie Programs continue to evolve.

As used in this Agreement, Carnegie Programs are limited to (and you only receive a franchise and license to offer, sell and teach) the following:

A. The programs listed in Appendix A and related services, including, but not limited to, consulting services, needs assessments, evaluations, interviews and executive summary sessions.

B. Any other programs developed by us in the future which we decide to franchise and license to similarly situated franchisees and grant written authorization so to do, provided that we will grant you the first opportunity to offer such programs if we reasonably believe you to be qualified to conduct them.

C. Any instructional program, system, teaching or management technique, consulting, advising, educational program, survey or program you propose for a client of yours or any similarly situated franchisee and approved in writing by us.

D. Programs listed in Appendix A under any names under which such programs may be conducted in the future (and we reserve the right to change the name or title of any Carnegie Program).

E. Your Carnegie Business is authorized to provide only direct in-person training of Carnegie Programs and only at a Carnegie Center, a Training Facility (as defined in Article 7), at a location designated by your client, or another location which we authorize. For the purpose of this Agreement, the term "direct in-person training" means face-to-face training without any form of electronic, magnetic or telephonic intervention.

1.2 The Marks

We own the trademarks, service marks and trade names "DALE CARNEGIE®" and "DALE CARNEGIE TRAINING®" and other trademarks, service marks and trade names, logotypes, emblems, designs, labels, signs, and symbols, copyrighted materials and other intellectual property used in connection with the offer, sale, promotion and presentation of the Carnegie Programs (collectively, the "Marks"). The Marks constitute an integral part of the Carnegie System, and some of the Marks are licensed to you, along with any intellectual property that may in the future be licensed by us to similarly situated franchisees, in accordance with this Agreement.

2. GRANT OF FRANCHISE AND LICENSE

2.1 Grant of Franchise

You desire to obtain a franchise to operate one Carnegie Business using the Marks and the Carnegie System in the territory described in Section 3.1. We desire to grant to you a franchise and license on the terms and subject to the conditions of this Agreement. We grant to you, and you accept, the Limited Exclusive Right (as defined below) to operate one Carnegie Business (the "Business") in the territory specified in Section 3.1, subject to the terms and conditions of this Agreement. We also grant to you the right to use the Carnegie System, as we may change, improve, modify or further develop it from time to time. "Limited Exclusive Right" means that:

A. The franchise and license granted by this Agreement is limited to the right to offer, sell and conduct Carnegie Programs as limited by and defined in Section 1.1, which includes amongst other limitations that the Carnegie Programs may only be conducted by you through direct in-person training.

B. You must be qualified, willing and ready to offer and conduct, or offer and conduct after notice from us or upon a specific request from a customer, all Carnegie Programs. If you do not meet or fulfill these requirements, then we reserve the right to offer such Carnegie Programs as you are incapable of offering or fail to make available as provided herein, or to assign the right to offer such Carnegie Programs to a third party, in each case within the Territory described in Section 3.1.

C. Your rights in the Territory (as described in Section 3.1) are limited by Section 3.3 and Section 9.15.

2.2 Grant of License to Marks

We grant to you, and you accept, a non-exclusive license to use and display the Marks "DALE CARNEGIE®" and "DALE CARNEGIE TRAINING®" and such other Marks as we may designate, subject to the terms and conditions of this Agreement. You will not use, and will not permit or cause another to use, the Marks except in the manner and to the extent specifically licensed to you under this Agreement. You acknowledge that your use of the Marks in a manner not authorized under this Agreement could result in the termination of this Agreement pursuant to Sections 18.2.13 and/or 18.5. The license granted under this Section 2.2 applies solely to the operation of the Business and the Carnegie Programs and related services and products offered and sold by the Business in strict compliance with the terms and conditions of this Agreement. This license is limited to the Territory specified in Section 3.1 of this Agreement.

3. TERRITORY

3.1 Territorial Grant

A. Your right to establish and operate the Business is restricted to the geographic area (the "Territory") described in Appendix B by a map or written description. Your rights to offer, sell and conduct each Carnegie Program and to promote, advertise and publicize each Carnegie Program are all restricted solely to the Territory.

B. You will not, either alone or in conjunction with any other person or entity, advertise or promote the Business in any media not having at least seventy-five percent (75%) of its total circulation or coverage within your Territory, as determined by us in our reasonable discretion, without first obtaining our prior written authorization in each instance. In addition, you will not, either alone or in

conjunction with any other person or entity, issue or distribute any advertising or promotional material, engage in any on-site promotional visits, and/or otherwise engage in any advertising and/or promotional activity outside your Territory with respect to the Business, without first obtaining our prior written authorization in each instance. Advertising or promotion of your Business through a Web Site (as defined in Section 9.17 hereof) will not be deemed a violation of this Section 3.1, provided that you comply with the provisions of Section 3.1.C hereof.

C. You must not offer or sell any Carnegie Program to any potential client (i) having a residence located outside your Territory, if the potential client is an individual; or (ii) having a business address located outside your Territory, if the potential client is a corporation or other entity. In addition, if you receive, through any advertising or promotional activity of any kind, whether within or outside your Territory, any information concerning a potential client having a residence (if an individual) or a business address (if an entity) located within the territory granted to another DC&A franchisee or licensee, then, within ten (10) days of your receipt of such information, you must provide all such information to such other DC&A franchisee or licensee.

3.2 DC&A Restrictions

Within the Territory, we will not operate or allow another to operate a Carnegie Business, except as provided in Section 2.1, Section 3.3 and Section 9.15. These restrictions will terminate immediately upon the expiration or termination of this Agreement for whatever reason.

3.3 Rights Reserved By DC&A

3.4

We reserve all rights not specifically granted to you in this Agreement. These include but are not necessarily limited to the following:

A. We may own and operate, and authorize others to own and operate, Carnegie Centers and/or Carnegie Businesses at any location outside the Territory, including those which may be situated immediately proximate to, adjacent to or abutting the boundary of the Territory.

B. Except as limited by this Agreement, to use or license the Marks within or outside the Territory for the purposes of offering or selling any service or product whatsoever, whether or not such services or products are competitive with the Business or the Carnegie System, including without limitation, to offer, sell, organize and conduct (either ourselves or through franchises, licenses, joint ventures or any other business combination): any proprietary instructional programs, systems, teaching and management techniques, educational programs, consulting, surveys and/or programs developed by us or third parties, whether through direct in-person modes of training or through "channels and methods of distribution and presentation other than a direct in-person mode of training" (as defined below), to any person wherever situated, including situated within the Territory and including proximate to your Center(s) and/or Training Facilities and without regard to the impact therefrom on the revenues, profitability and/or viability of the Business; provided, however, that we will not offer, sell and/or conduct Carnegie Programs (as defined in Section 1.1) in your Territory; and provided further, that you acknowledge and we specifically reserve the right to offer, sell and/or conduct any proprietary instructional program, system, teaching and management technique, educational program, consulting, survey and/or program developed by us or third parties, which include less than all of the modules of a Carnegie Program or is based on less than all of the content of a Carnegie Program. We will share our gross revenues received from the activities set forth in this Subsection with you and with our other franchisees, but only to the extent provided in Section 4.

Other "channels and methods of distribution and presentation other than a direct in-person mode of training" may include, without limitation, electronic presentations via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); satellite broadcasts; private cable hookups; audio tapes, videotapes; CD-ROMs; computer programs; conference calls; catalogues; direct mail; and other communications methods now or hereafter devised of any nature whatsoever, other than a direct in-person mode of training.

C. To purchase, merge, acquire, be acquired by or affiliate with any other business organization, including one that provides training or instruction that is competitive with Carnegie Programs, whether or not the other business organization provides training services in the Territory; provided, however, that any facility of such business organization situated within the Territory will not be permitted to operate under the Marks until the termination or expiration of this Agreement, but will be permitted to continue operation under any other name or mark.

D. Upon the termination or expiration of this Agreement, within the Territory, to establish Carnegie Businesses (either ourselves or through franchises, licenses, joint ventures or any other business combination) which will establish Carnegie Centers and offer and sell those products and services which this Agreement contemplates you will offer and sell.

The essence of this Section 3.3 is that the specific terms and limitations of this Agreement and the Business and the boundaries of the Territory conferred under this Agreement are to be deemed for all purposes strict terms, limitations and boundaries not subject to further judicial or other construction, implication or attempts to expand same, directly or indirectly, and outside of which (or within which, to the extent provided above) we may engage in any business activity whatsoever.

4. REVENUE SHARING

4.1 On-Line Programs

In the event we, either directly or through third parties, offer and/or sell via the World Wide Web, other areas of the Internet and/or other on-line networks, any proprietary training program, system, teaching and management technique, educational program, survey and/or program developed by us or third parties (an "On-Line Program"), then we shall share gross revenues received therefrom with you and our other franchisees but only to the extent and in the manner set forth in this Article 4. We will perform all invoicing, revenue collecting and disbursements concerning the sale of On-Line Programs, and all contracts with clients concerning On-Line Programs will be entered into by us. You have no right to sell any On-Line Programs, except as provided in this Section. "Persons in the Territory" for purposes of this Article 4 are persons located in the Territory who purchase an On-Line Program, the location of any such person to be conclusively established by reference to the business address provided by such person in connection with his/her/its purchase of an On-Line Program.

A. We shall remit to you twelve percent (12%) of gross revenues we receive from our sale of each On-Line Program purely over the Internet (a "Pure Internet Program" or "PIP") to Persons in the Territory.

B. With respect to our sale of On-Line Programs over the Internet which are sold in conjunction with direct in-person training (a "Blended Internet Program" or "BIP"), we shall remit to you:

1. Thirteen percent (13%) of gross revenues we receive therefrom if you provide the live training component of the Blended Internet Program.

2. Twelve percent (12%) of gross revenues we receive therefrom if the Internet component of the Blended Internet Program was taken by a Person in the Territory.

C. With respect to the sale of an On-Line Program by a third party provider (such as portals or aggregators) who has contracted with us to offer and sell On-Line Programs over the Internet, we shall remit to you:

1. Twelve percent (12%) of gross revenues we receive from the sale of a PIP to Persons in the Territory.

2. Thirteen percent (13%) of gross revenues we receive from the sale of a BIP if you provide the live training component of the BIP.

3. Twelve percent (12%) of gross revenues we receive from the sale of a BIP if the Internet component of the BIP was taken by a Person in the Territory.

D. With respect to the sale by us of a PIP or BIP as a closed, intranet system application (an "Intranet Program"), we shall remit to you:

1. One hundred percent (100%) of gross revenues from the sale of an Intranet Program arranged by you and delivered in your Territory only, less (a) twenty five percent (25%) of those gross revenues during the first year of sales of such program and (b) twelve percent (12%) of those gross revenues during every year after the first year of sales of such program, provided, that the gross revenues from the sale of an Intranet Program shall be reduced by any out-of-pocket development costs incurred by us in creating, or assisting in or contracting for the creation of, an Intranet Program that is tailored or customized for a particular client.

2. Twenty percent (20%) of gross revenues from the sale of an Intranet Program arranged by you and delivered in the territory of another of our franchisees or a company-owned Carnegie Business (including a DC&A Center of Excellence), less (a) twenty five percent (25%) of those gross revenues during the first year of sales of such program and (b) twelve percent (12%) of those gross revenues during every year after the first year of sales of such program, provided, that the gross revenues from the sale of an Intranet Program shall be reduced by any out-of-pocket development costs incurred by us in creating, or assisting in or contracting for the creation of, an Intranet Program that is tailored or customized for a particular client.

3. Eighty percent (80%) of gross revenues from the sale of an Intranet Program arranged by another of our franchisees or a company-owned Carnegie Business (including a DC&A Center of Excellence) and delivered in your Territory, less (a) twenty five percent (25%) of those gross revenues during the first year of sales of such program and (b) twelve percent (12%) of those gross revenues during every year after the first year of sales of such program.

For purposes of this Section 4.1.D, an Intranet Program will be conclusively established to be delivered in your Territory if the site to which the Intranet Program is licensed is in your Territory.

E. We will remit to you twelve percent (12%) of gross revenues received from the sale by us via the Internet of an On-Line Program (as defined herein and/or in the Operations Manual and Business Model) in the form of videotapes, audiotapes, cassettes, compact discs or other product form, including a product which can be retrieved and downloaded via computer access, to Persons in the Territory.

4.2 Seminars

We will, from time to time, test the appeal of new programs by offering, selling and conducting shorter versions of such programs in territories we deem appropriate, including your Territory. If we do, we will remit to you (a) such amounts as we set forth in the Operations Manual and Business Model if the seminars are conducted in your Territory; and (b) twelve percent (12%) of the gross training fees receipts received from any participants of a seminar who reside in your Territory and traveled to the territory of another of our franchisees or a company-owned Carnegie Business (including a DC&A Center of Excellence) to take the seminar.

4.3 Payments

We will make any payments due to you pursuant to this Section 4 via electronic transfer of funds quarterly on April 15th, July 15th, October 15th and January 15th of each calendar year, or credit any such payments to any outstanding balance you owe us. The revenues you receive pursuant to this Section 4 are not included in Gross Revenues as defined in Section 6.4 and upon which you must pay to us a Monthly Royalty, Minimum Royalty and Marketing Contributions as defined in Sections 6.2 and 6.3 hereof. We will have a certified accountant issue a letter annually stating that the mechanism for revenue sharing set forth in this Article 4 has been complied with generally.

5. TERM AND RENEWAL

5.1 Initial Term

The initial term (“Initial Term”) of this Agreement will be fifteen (15) years, commencing on the Effective Date, unless this Agreement is sooner terminated in accordance with its provisions.

5.2 Renewal Term

You will have the right to enter into a renewal franchise agreement (“Renewal Franchise Agreement”) for a single additional term of ten (10) years (the “Renewal Term”), if you have complied with the conditions and procedures for renewal set forth in this Agreement and if we are franchising in this State (as defined below in this Section 5.2) at the time of renewal. The Renewal Term will begin on the day after the date of the expiration of this Agreement. You acknowledge and agree that upon the expiration of the Renewal Term (if any), we will be under no obligation to renew your franchise or enter into any form of franchise agreement with you, except that the post-expiration provisions of the then-applicable Renewal Agreement (as defined in Section 5.3 hereof) will remain in effect.

We will be deemed to be “franchising in this State” at the time of renewal unless we have published a public notice or a notice to the Carnegie System within twelve (12) months of the expiration of the Term stating that we will no longer license any third party to offer and conduct Carnegie Programs in the state or states where your Territory is located.

5.3 Form and Manner of Renewal

If we are franchising in this State (as defined in Section 5.2), and if you wish to exercise your right to enter into a Renewal Franchise Agreement as provided for in Section 5.2, you will need to execute a renewal franchise agreement (the “Renewal Agreement”). The Renewal Agreement will take the form of our then-current Franchise Agreement, modified as provided below. The Renewal Agreement will supersede this Agreement in all respects. The terms of the Renewal Agreement may differ entirely from the terms of this Agreement, including, without limitation, such material terms as the boundaries of

the Territory; the Guaranteed Minimum Production; the Minimum Royalty; the Monthly Royalty; the Marketing Contribution; other fees; the Minimum Territory Development Expenditure (each as hereinafter defined); and the rights, duties, limitations and responsibilities afforded or imposed under said Renewal Agreement.

You must exercise your renewal right under this Agreement in strict accordance with the procedures set forth in the Operations Manual and Business Model (as defined in Section 8.1) as of the date of this Agreement. If you do not perform any of the acts or deliver any of the notices required by those procedures in a timely fashion, this will be deemed your election not to exercise your right to enter into a Renewal Agreement, and this right will automatically lapse and expire without further notice or action by us. If this occurs, this Agreement will terminate at the end of the Initial Term, subject to the provisions of this Agreement which by their nature survive expiration, including, without limitation, the post-termination, post-expiration and indemnification provisions hereof.

If: (i) you have exercised your renewal right as described above; (ii) you have complied with all of the conditions set forth in Section 5.4 below as of the date of expiration of the Initial Term; and, (iii) we are franchising in this State, then we will execute the Renewal Agreement executed by you and will, promptly after expiration of the Initial Term of this Agreement, deliver one fully-executed copy of the Renewal Agreement to you.

5.4 Conditions to Renewal

Your right to enter into a Renewal Agreement will be conditioned on your fulfillment of all of the following conditions:

1. You have not failed to cure an outstanding notice of default under the Agreement.
2. Before the commencement of the Renewal Term, your Centers and Training Facilities will be in a condition consistent with then-current system facility standards.
3. You must be current in all monetary obligations to us or our affiliates, subsidiaries and designees (together, our "Affiliates").
4. We have not sent you two (2) or more valid Notices of Default (as defined in Section 18.3) under this Agreement within any continuous six (6) month period occurring within two years of the expiration date of the Initial Term.
5. You must be able to continue the operation of your Business without interruption.
6. You must have executed a General Release in the form of Exhibit A ("General Release – Renewal"). This document will not purport to release us from any future claims arising out of or related to the Renewal Agreement.
7. You must comply with our then-current qualification and training requirements as set forth in our Operations Manual and Business Model, including, without limitation, the successful completion of our then-current Refresher Training Program for experienced franchisees.
8. You must pay to us a "Renewal Fee" of \$10,000.

5.5 Notice of Expiration

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

6. PAYMENTS TO DC&A AND, IF APPLICABLE, FORMER SPONSOR

6.1 Initial Franchise Fee

In consideration of the execution of this Agreement by us, you will pay us an "Initial Franchise Fee" of \$35,000.00. The Initial Franchise Fee is payable in full upon the execution of this Agreement by you, will be deemed fully earned when paid, and will not be refundable (in whole or in part) except in accordance with Section 8.3 hereof.

6.2 Monthly Royalty and Minimum Royalty

In consideration of our grant to you of the franchise and license granted under this Agreement, you will pay the following to us on the dates specified in Sections 6.5 and 6.6:

A. A "Monthly Royalty" equal to twelve percent (12%) of your prior month's Gross Revenues (as defined in Section 6.4).

B. A "Minimum Royalty" equal to the excess of (i) twelve percent (12%) of the then-applicable annual Guaranteed Minimum Production (as defined in Section 9.10) over (ii) the aggregate Monthly Royalty that was due for the applicable Fiscal Year (as defined in Section 9.10).

C. Letter of Credit/Royalty Deposit

1. In consideration of the fact that royalties are due within a month of you collecting fees for training, we will estimate an amount of royalty that may become due within a six (6) month period based on the first year TRP in your agreement, and require a Letter of Credit be issued to us by a reputable banking institution in the country of your Center. We will only draw down on this Letter of Credit when your past due balance (over 30 days) approaches the amount of the Letter of Credit.

2. Should a Letter of Credit not be available to you, we will require a cash deposit be paid to us in a similar amount as above. We will hold this deposit in an account bearing interest of 3%. The deposit will be refunded at the termination of the franchise agreement, less any amounts that may be outstanding at that time.

6.3 Marketing Contribution

To contribute to our cost of advertising and promotions for the Carnegie System, you will pay to us on the dates specified in Sections 6.5. and 6.6, a monthly "Marketing Contribution," to be expended as provided for in Section 11.5, in an amount equal to three percent (3%) of your prior month's Gross Revenues.

6.4 Definition of Gross Revenues

“Gross Revenues” means all revenues and income from whatever source derived or received by you from, through, by or on account of the operation of the Business, or based upon Confidential Information (as defined in Article 13), whether received in cash, in services, in kind, from barter and/or exchange, or otherwise, but excluding passive investment income, revenues from the rental of your Center and/or Training Facility and revenues from speeches you may give or similar activities you may engage in which are not done for the purpose of offering or selling Carnegie Programs. There will be deducted from Gross Revenues, to the extent that they have been included in your calculation of Gross Revenues: documented refunds, chargebacks, credits and allowances given in good faith to clients by you, and all sales taxes, value added taxes or similar taxes which, by law, are chargeable to clients, customers and attendees of your Carnegie Programs and you in fact pay. For the purpose of determining Gross Revenues, all barter and/or exchange transactions where you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier or client will be valued at the full retail value of the goods and/or services provided to you.

6.5 Reporting and Payment

A. Within five (5) business days after the end of every calendar month, you will send us, in the form and manner (including electronic) set forth in the Operations Manual and Business Model, reports concerning the operation of your Business, which will include, but not be limited to, the Gross Revenues, program activity, class rosters, services rendered and products sold for the preceding month and such other information as we may require in the Operations Manual and Business Model (the “Monthly Report”). On the applicable dates set forth in the Operations Manual and Business Model, you will send us any other periodic reports regarding the activity of your Business that we may prescribe in the Operations Manual and Business Model.

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

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

D. You will pay to us, if due, the Minimum Royalty on the fifteenth (15th) day following the end of each Fiscal Year (as defined in Section 9.10 hereof).

E. You will pay us the software support fees specified in the Software License Agreement (as defined in Section 9.16) at the times specified in such agreement.

F. You will pay us for the texts, books, booklets, awards, supplies and incidental items you purchase from us (collectively, the “Materials”) at the times specified in Section 9.7.B.

6.6 Commencement of Payments

Except as otherwise provided in this Section 6.6 or elsewhere in this Agreement, the Monthly Royalty, Marketing Contribution and all other payments and fees due under this Agreement will accrue on the date of Commencement of Operation of the Business (as defined in Section 9.1). All payments due us will accrue on those dates specified either in this Agreement, the Operations Manual and Business Model or the Software License Agreement, or, with regard to the Materials and any other products and/or

services sold or furnished by us (or any of our Affiliates) to you, on the terms specified by us (or our Affiliate) at the time of offer or sale, as applicable.

6.7 Other Payments to DC&A

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

2. All amounts advanced by us, or which we have paid, or for which we have become obligated to pay, on your behalf.

6.8 Late Charges

A. You will pay to us (or our Affiliates) interest on any amounts overdue to us (or our Affiliates) under this Agreement, from the date due until paid, at the rate which is the lesser of eighteen percent (18%) per annum or the highest contract rate of interest allowed by the law of the state where your Center is located.

B. In the event that we receive your monthly report the month after the end of the month in which it was due, you will pay to us (or our Affiliate) a 10% penalty on the royalty that was generated from that report.

You acknowledge that this Section 6.8 will not constitute agreement by us or our Affiliates to accept any payments after they are due, or a commitment by us or our Affiliates to extend credit to you or otherwise finance the Business.

6.9 Form of Currency; Electronic Transfers of Funds.

Each and every payment due to us hereunder will be made in freely transferable United States Dollars and will be tendered by electronic funds transfer or other wire transfer.

6.10 Application of Funds

If you are delinquent in the payment of any obligation to us under this Agreement, or under any other agreement with us or any of our Affiliates, then we or our Affiliate may apply any payment from you to the oldest obligation due, whether under this Agreement or otherwise, whether or not there is any contrary designation by you.

6.11 Franchisee May Not Withhold

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

6.12 Payment of Continuing License Fee to Former Sponsor of Territory

If the Territory was formerly operated by a former DC&A sponsor who has a right to receive a “continuing license fee” pursuant to a “Sponsor’s License Agreement” with us covering the Territory, then you will pay to said former sponsor the Continuing License Fee for the Territory, as set forth in Appendix C. The liability for payment of the Continuing License Fee will be your obligation and not ours (nor that of the Intermediary as that term is defined in any Sponsor’s License Agreement), and neither we nor said Intermediary will be deemed to be a guarantor of payment of the Continuing License Fee.

7. CENTER AND TRAINING FACILITY LOCATIONS

You will operate the Business from one or more Carnegie Centers (as operated by you, each a “Center”) at Center locations (each a “Center Location”) situated within the Territory. Each Center must contain an office from which you will manage and administer the Business and may, but is not required to, contain a Training Facility. A “Training Facility” or “Training Facilities” means a location or locations selected by you situated within the Territory at which you will conduct Carnegie Programs (each a “Training Facility Location”).

You will comply with all of our Center Location and Training Facility Location specifications, requirements and restrictions contained in the Operations Manual and Business Model in both the selection and operation of such locations. You may not relocate your Center to another location without first obtaining our written approval.

You acknowledge that any advice by us regarding site selection (whether as part of the Carnegie System or Operations Manual and Business Model , in response to your proposals or inquiries, or otherwise); our proposal or suggestion of any Center Location or Training Facility Location; and/or our exercise of our rights of inspection or approval, are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, viability or merit of any location.

8. DUTIES OF DC&A

8.1 DC&A Operations Manual and Business Model

A. At the Initial Training Program described in Section 8.3, we will lend you one copy of our confidential Franchise Operations Manual (the “Operations Manual”). You will operate your Business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed from time to time in the Operations Manual. If you lose or destroy the Operations Manual, you will be required to pay us the sum of \$1,000 upon demand. Upon such payment, we will lend you another copy of the Operations Manual.

We retain the right to prescribe additions to, deletions from, or modifications or revisions of the Operations Manual (the “Supplements to the Operations Manual”), all of which will be deemed a part of the Operations Manual , such that all references to the “Operations Manual” in this Agreement (except in Section 5.3) will include all Supplements to the Operations Manual. Supplements to the Operations Manual will become binding on you as if originally set forth in the Operations Manual, upon being delivered to you. You will immediately adopt and use the services, products, programs, materials, standards, specifications, policies, methods, procedures and techniques set forth in Supplements to the Operations Manual. The Operations Manual and Supplements to the Operations Manual are material in that they have an effect on the operation of the Business; however, they will not conflict with or materially alter the terms of this Agreement.

B. In addition to the Operations Manual, you will receive a Business Model that will help you launch, grow and sustain your franchise.

C. We represent that we own all proprietary rights in the Carnegie System and the Operations Manual and Business Model. You acknowledge that you are acquiring no property or other right to them other than a license to use them during the term of this Agreement and in strict compliance with the terms of this Agreement and of the Operations Manual and Business Model. The Operations Manual and Business Model will at all times remain our property. You agree that you, your agents, independent contractors and employees will treat the Operations Manual and Business Model and the information contained in it as confidential; use all reasonable efforts to maintain this information as secret and confidential; at no time copy, duplicate, record or otherwise reproduce the Operations Manual and Business Model, in whole or in part; and, not otherwise make the Operations Manual and Business Model or information in it available to any unauthorized person. Upon the expiration or termination of this Agreement, you will return the Operations Manual and Business Model to us or, upon our request, destroy and certify such destruction to us.

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

8.2 Method of Operation

In addition to any other training and assistance provided for in this Agreement, we will furnish to you from time to time all information, training, techniques, data, instructional materials, forms and other operational developments pertaining to the operation of the Business which we may from time to time develop and incorporate in the Carnegie System.

8.3 Initial Training Program; On-Site Training; Apprenticeship Program

A. Before Commencement of Operation of the Business, you (and those persons set forth in the Operations Manual and Business Model) must attend and successfully complete our initial training program as described in the Operations Manual and Business Model (the "Initial Training Program"). The Initial Training Program will consist of up to fourteen (14) days of training at our headquarters. In addition to the Initial Training Program, before Commencement of Operation of the Business, you (and those persons set forth in the Operations Manual and Business Model) must attend and successfully complete our "On-Site Training Program," consisting of no less than ten (10) days of on-site training at your Center and/or Training Facility. The cost for your Initial Training Program and On-Site Training Program is included in the Initial Franchise Fee.

B. Before Commencement of Operation of the Business, you or a designee approved by us (and those persons set forth in the Operations Manual and Business Model) must attend and successfully complete an apprenticeship program as described in the Operations Manual and Business Model (the "Apprenticeship Program"). The Apprenticeship Program will consist of up to fourteen (14) consecutive days of training at the Carnegie Center and/or Training Facility of an existing DC&A franchisee. The location, starting date, and duration of the Apprenticeship Program will be determined by DC&A, in its sole discretion, prior to completion of your Initial Training Program. The cost for your Apprenticeship Program is included in the Initial Franchise Fee.

C. If we determine that you have failed to attend or successfully complete the Initial Training Program and terminate this Agreement, then we will return to you twenty-five percent (25%) of the Initial Franchise Fee.

Any of your personnel who are required to attend the Initial Training Program but whom you hire or appoint after the Commencement of Operation of the Business must attend and successfully complete our next scheduled Initial Training Program, On-Site Training Program, and Apprenticeship Program. You will pay an additional charge to us for training such persons (as set forth in the Operations Manual and Business Model, but which will be no greater than \$1,000 per person as of the Effective Date, adjusted for any increases in the Consumer Price Index subsequent to the Effective Date) and all expenses associated with such training.

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

8.4 Trainer Training Services

A. Only those persons who have successfully completed our training program for a specific Carnegie Program (a "Trainer Training Program") and are then-currently certified by us to be trainers (each, a "Trainer") in a specific Carnegie Program may act as Trainers for such Carnegie Program. We reserve the right, in our sole judgment, for any reason or no reason: (i) to accept or reject any individual as a trainer candidate for training (each, a "Trainer Candidate") and (ii) to grant or withhold authorization of any Trainer Candidate as a Trainer. You, at your sole expense, will provide each Trainer Candidate with preliminary training, as prescribed in the Operations Manual and Business Model, prior to entry in a Trainer Training Program. We will notify you if, in our sole judgment, any of your Trainer Candidates has failed to successfully complete a Trainer Training Program, and inform you of the basis for our conclusion.

B. Within sixty (60) days after the Effective Date, you must provide us with a list of Trainer Candidates approved by us. We will determine, in our sole discretion: (1) the number of approved Trainer Candidates you must provide and (2) the date of commencement, location and duration of a Trainer Training Program for each Carnegie Program. If you fail to provide us with a list of approved Trainer Candidates as required under this Section 8.4, we will have the right (but not the obligation) to send our own Trainer(s) to act as Trainer(s) for all Carnegie Programs conducted by your Business until such time as you have satisfied all the requirements of this Section 8.4 and Section 9.6 hereof. You will reimburse us, upon demand, for all costs and expenses (including, but not limited to, transportation costs, meals, lodging, salary, and other expenses) incurred by us and our Trainer(s) in connection with providing such Trainer(s) to you and your Business.

C. The cost for the Trainer Training Programs for the number of approved Trainer Candidates and designated programs you must provide under Section 8.4.B. hereof is included in the Initial Franchise Fee. For any additional Trainer Candidate(s) who attend a Trainer Training Program during the Initial Term of this Agreement, you will pay the cost for such Trainer Training Program(s), which will be as set forth in the Operations Manual and Business Model. You will pay all expenses incurred by you and your Trainer Candidates in connection with any and all Trainer Training Programs, including, but not limited to, transportation costs, meals, lodging and other living expenses (although you are free to pass these costs and expenses on to your Training Candidates).

D. Certification to instruct specific Carnegie Programs is for a period of duration as described in the Operations Manual and Business Model. During this period a Trainer will be required to attend refresher events annually and certification renewal events every three (3) years. We will determine and notify you of the date of commencement, location and duration of certification renewal events, and will conduct such events at no charge to you. We will provide refresher materials and facilitator notes, and you have the option of conducting the refresher utilizing a local Trainer or a Master Trainer (as defined in the Operations Manual and Business Model) from outside your Territory as the facilitator. If you use a Master Trainer from outside your Territory as the facilitator, then you will pay Master Trainer fees plus expenses, as outlined in the Operations Manual and Business Model. You will pay all of your expenses and the expenses of your Trainers associated with certification renewals and refreshers, including, but not limited to, transportation costs, meals, lodging and other living expenses.

E. From time to time, usually when one or more Carnegie Programs are changed or updated, we will require the recertification of all Trainers in the Carnegie Program(s) in question (a "Recertification"), and if we do so, your Trainer(s) for the Carnegie Program(s) in question will attend. We will determine and notify you of the date of commencement, location and duration of each Recertification training program to be attended by your Trainer(s). We will not charge you any training fees for the Recertification training program, but you must pay all expenses incurred by your Trainer(s) in connection with the Recertification training program, including, but not limited to, transportation costs, meals, lodging and other living expenses.

8.5 Conventions

We may from time to time conduct conventions and seminars. We strongly recommend, but do not require, that you attend our international conventions. You must pay all expenses associated with your participation or attendance at conventions and seminars.

8.6 Field Support Services

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

In addition, our Global Support Services group will provide support to you in the areas of trainer recruitment and development, product tailoring, proposal services, credentials, and organizational development, as outlined in the Operations Manual and Business Model.

8.7 Optional Materials and Services Which DC&A May Offer

If we determine to offer to sell you any optional materials and services (directly, or through an Affiliate), and you determine to purchase any of them, then you must pay us (or our Affiliate) such prices as we determine and set forth at the time of offer or sale, or otherwise generally set forth in the Operations Manual and Business Model. All such prices will be subject to change at any time. Examples of such materials and services may include, at our sole option:

1. Local advertising and promotional materials.
2. Media buying services – purchasing local media time and/or print space and placing commercials or advertisements.
3. Direct Mail marketing materials and/or the services of mailing these materials to individuals, groups, entities and other addressees.
4. Camera-ready advertising to be utilized by you for placement in classified telephone directories.

8.8 Accounting and Information Systems

We will specify in the Operations Manual and Business Model the electronic and/or written accounting and information systems, procedures, formats and reporting requirements which you must utilize to account for your Business; maintain your financial records and merchandising data; and, generate reports for both you and us.

8.9 Test Marketing

We may, from time to time, conduct market research and testing to determine consumer trends and the desirability of new or modified Carnegie Programs. You agree to cooperate with us in any such market research programs or test marketing of new or modified Carnegie Programs.

8.10 Pricing

A. Except for your sale of Carnegie Programs to corporate clients, you will charge a single, lump-sum registration fee per participant per Carnegie Program. This registration fee will include the cost of training and all texts, books, booklets, miscellaneous fees, awards, supplies and all incidental items for the Carnegie Program in question. You will also charge sales, use or similar taxes as may be required by applicable law.

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

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

B. To enhance the interbrand competitiveness of the Carnegie System; to enable competitive, multi-territorial and system-wide “price point” advertising; and, to benefit clients of the Carnegie System, we may from time to time establish maximum prices above which the Business may not offer and sell Carnegie Programs or other services and/or products under this Agreement. We will likewise have the right from time to time to revise or eliminate any such maximum prices. Except as set forth above, and in Section 9.15, you will otherwise have the sole right to determine the prices which you will charge your clients.

You will adhere to any such maximum price requirement imposed by us. We may, at our sole option, advertise specific Carnegie Programs throughout the Carnegie System at such maximum prices "or less." Under no circumstances, however, will we establish or advertise any minimum prices below which you may not offer or sell Carnegie Programs or other services or products.

In addition, or alternatively, we may from time to time suggest prices for Carnegie Programs and/or related services or products offered and sold by you. We and you agree that any list or schedule of such prices suggested by us will be recommendations only and not be mandatory on you unless we expressly label any or all of such prices as a maximum price (as provided above). You understand and agree that our suggested or maximum prices, fees, markups or margins may or may not increase or optimize the revenues or profitability of the Business.

8.11 Carnegie System Consultation

We will consult periodically with elected representatives of the Dale Carnegie Franchise Association on matters of concern to our franchisees, and areas of mutual concern such as Strategic/Global Account customer relationships (however denominated), Carnegie System standards and operating procedures, the Operations Manual and Business Model, marketing and market positioning, sourcing, technology, regulatory matters, training and program development, provided that the Dale Carnegie Sponsors' Association represents a majority of our franchisees, is open to membership by any franchisee in good standing, and acts democratically and responsibly. In addition, we will so consult with no more than four separate associations representing franchisees' interests in North America, Europe, Asia and Latin/South America (or any combination thereof), if our franchisees and the Dale Carnegie Franchise Association choose to restructure or divide into such separate associations and such associations represent a majority of our franchisees in the geographical areas being covered, are open to membership by any franchisee in good standing, and act democratically and responsibly.

We will work with the Dale Carnegie Franchise Association (or such other associations) as the franchisees' representative, and encourage franchisees to become members of the Association (or such other associations). We also will review with the Association (or such other associations) our role in sourcing supplies required to conduct Carnegie Programs, with a view towards minimizing franchisees' costs consistent with assuring a consistent source of supply of quality materials that meet applicable System requirements; provided, that you acknowledge and agree that we have the right to receive a profit on the same. You acknowledge and agree that notwithstanding our obligation to consult pursuant to this Section 8.11, we have the sole and absolute right to make any and all decisions regarding any and all matters upon which we are obligated to consult.

8.12 Nature of Obligations

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

9. DUTIES OF FRANCHISEE

9.1 Commencement of Operation

You agree that Commencement of Operation of the Business will take place within one hundred and twenty (120) days after the Effective Date. "Commencement of Operation of the Business" means the first day of the first session of a Carnegie Program provided by you.

Before the Commencement of Operation of the Business, you must fulfill all the pre-opening obligations called for by this Agreement including (but not limited to) your obligations to:

1. Attend and satisfactorily complete the Initial Training Program, On-Site Training Program, and Apprenticeship Program;
2. Make necessary arrangements and obtain our approval for a Center Location and Training Facilities meeting the requirements set forth in the Operations Manual and Business Model;
3. Investigate the need for, seek and obtain all required business, building, zoning and other permits and licenses required to open and operate the Business;
4. Employ or retain and train all required staff as set forth in this Agreement and the Operations Manual and Business Model;
5. Purchase the opening inventory of Materials and any other proprietary products from us (or our designee) that we require pursuant to the Operations Manual and Business Model;
6. Pay all amounts then due to us;
7. Furnish us with the evidences of insurance coverage required pursuant to Section 10.1;
8. Procure and install, at your expense, the computer hardware, software, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment that we specify in the Operations Manual and Business Model;
9. Do all other acts necessary to make the Business ready to begin operations; and
10. Obtain our written approval for the Commencement of Operation of the Business.
11. Certain personnel will be required to sign a Confidentiality/Non-Competition Agreement pursuant to Section 14.5.

9.2 Manner of Operation

The Business and each Center and Training Facility will at all times comply with each and every provision of this Agreement, the Carnegie System and the Operations Manual and Business Model.

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

9.3 Maintenance and Repair; Periodic Renovation

At all times throughout the term of this Agreement, you agree, at your sole reasonable expense, to maintain the interior and exterior of the Centers and Training Facilities, and keep and maintain all equipment, furniture, decorating, signs and appurtenances situated in or at the Centers and Training Facilities, in the highest degree of cleanliness, maintenance, condition and repair. Upon our request, you may also be required to renovate, refurbish and update the Centers and Training Facilities to ensure that they are in substantial conformity with our then-current requirements as set forth in the Operations Manual and Business Model, provided that you will not be required to so renovate, refurbish and update the Centers and Training Facilities during the last three (3) years of the Term of this Agreement (but you may be required to do so as a condition to the renewal or transfer of this Agreement).

9.4 Modifications to the Carnegie System

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

9.5 Compliance with Laws, Rules and Regulations; No Discrimination

You will operate the Business in strict compliance with all applicable laws, rules and regulations of all governmental authorities. You will investigate the need for, obtain and maintain in good standing all required licenses, permits and other required forms of governmental approval for you to offer and sell the Carnegie Programs (and any other services, products or programs authorized for sale by us). You will take prompt and effective action to correct any violation set forth in a notice issued by any governmental or municipal authority concerning such licenses and permits. You will strictly comply with our policies against discrimination, as set forth in the Operations Manual and Business Model.

9.6 Trainers and Trainer Candidates

A. Only those persons who are then-currently authorized by us to be Trainers of specific Carnegie Programs may act as Trainers for such Carnegie Programs as you conduct. Trainers and Trainer Candidates will not be considered our agents, servants, employees or representatives.

B. You must enter into a written contract with each Trainer you seek to employ or retain (each such contract, a "Trainer Candidate Contract"), which must contain certain provisions as set forth in the Operations Manual and Business Model, and transmit electronically a copy of any such Trainer Candidate Contract to us upon execution. You may supplement any Trainer Candidate Contract; provided, however, that the supplements must not modify the requirements specified in this Agreement or the Operations Manual and Business Model. Each such supplement must be in writing, and you must transmit electronically a copy of such supplement to us upon execution. You must give us prompt written notice of the termination of any Trainer Candidate Contract.

9.7 Requirements Concerning Products and Services

A. Carnegie Programs and Other Services, Products and Programs Sold by Franchisee

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

B. The Materials and Other Proprietary Products and Services

To provide Carnegie Programs of the highest quality and in the most expeditious and cost-conscious manner, guarantee uniformity of concept and quality, and protect our trade secrets – which are of the essence to the Carnegie System and this Agreement – you will be required to purchase or lease certain proprietary products, services and/or equipment from us or our designees. Specifically, you will purchase from us or our designees all Materials and any related products, services and equipment which are associated with the Carnegie Programs conducted by you and which now comprise, or in the future

may comprise, a part of the Carnegie System and which were developed by or on behalf of, are proprietary to or kept secret by us.

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

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

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

We warrant that Materials and any other proprietary products and equipment purchased by you from us meet our specifications. We and our designees neither make nor intend, nor authorize any agent or representative to make, any other warranties, express or implied, with respect to Materials or other proprietary products and equipment delivered under this Agreement. We and our designees expressly exclude and disclaim all implied warranties of merchantability and fitness for a particular purpose with respect to Materials or any other proprietary products and equipment delivered under this Agreement.

C. At the conclusion of each Carnegie Program, you must give each participant a program end evaluation designed to measure participant satisfaction. You must pay Dale Carnegie \$1.15 per participant for the processing of each program end evaluation. Dale Carnegie will send you a statement on the 5th of every month for the processing of your previous month's evaluations, and you must pay each statement within 30 days.

D. Sources of Supply and Specifications

As the Operations Manual and Business Model may detail, you may be required to purchase certain non-proprietary supplies, equipment, materials and services required for the operation of the Business from suppliers designated in writing by us, from suppliers selected by you and approved by us, or in accordance with our written specifications.

We will exercise our right of approval of suppliers reasonably and in accordance with the procedures set forth in the Operations Manual and Business Model. We will not arbitrarily interfere with your freedom to obtain non-proprietary items that meet our specifications from sources of your choosing.

We may from time to time provide you with specifications governing the minimum standards of non-proprietary products, services or equipment procured by you from a third party (that is, from any party other than us or our Affiliates, or the designees of either), in the Operations Manual and Business Model or in other written notices transmitted to you.

We may offer and sell to you and you may elect to purchase any non-proprietary products and services required to be purchased by you at the prices as we determine and set forth at the time of sale or in the Operations Manual and Business Model. You will be under no obligation to purchase any non-proprietary products or services from us. We reserve the right to earn a profit from the sale to you of proprietary and non-proprietary products and services.

9.8 Obligations Concerning Trainers and Carnegie Programs

A. You will purchase from us or our designee, and will make available to your Trainers, the Materials that we specify in the Operations Manual and Business Model for use by Trainers for the Carnegie Programs offered by the Business. These Materials may include, without limitation, teaching aids, texts, books, booklets, awards, supplies and any incidental items. We will provide Trainers with Teaching Manuals. You will require your Trainers to use only such Materials in Carnegie Programs. You acknowledge that these Materials are subject to the restrictions set forth in Article 13 of this Agreement regarding Confidential Information.

B. You will cause your Trainers to conduct the Carnegie Programs according to the then-current procedures, policies, standards, manuals, supplements, directives and the like prescribed by us in the Operations Manual and Business Model. You may not permit Trainers to conduct Carnegie Programs in any other manner. You will designate each Carnegie Program by the name prescribed by us in the Operations Manual and Business Model and may not designate any Carnegie Program by any name not prescribed by us.

9.9 Translation

You will not conduct any Carnegie Program in a language other than English, or make use of any materials in a language other than English in any Carnegie Program, without our prior written approval. If we approve your request to conduct a Carnegie Program in a language other than English, and/or to make use of foreign-language materials, you will arrange and pay for the translations of the Materials provided by us. Each translation will be subject to our written approval. A Translation Agreement (Exhibit B) must be completed by the Translator and returned to Dale Carnegie & Associates, Inc.

If we have already prepared translations of the Materials in the language in question, then we will sell such Materials to you at no additional cost for such translation. We will own the copyright and all other proprietary rights in any translated Materials, which translated Materials will also be subject to the restrictions set forth in Article 13 of this Agreement regarding Confidential Information.

9.10 Guaranteed Minimum Production

A. During each Fiscal Year (as defined below), you must achieve annual Gross Revenues equal to or in excess of the then-applicable guaranteed minimum production (“Guaranteed Minimum Production”) for your Territory. Your Guaranteed Minimum Production in each Fiscal Year will be equal to a percentage of the Territory Revenue Potential for your Territory. The Guaranteed Minimum Production and Territory Revenue Potential for your Territory in each Fiscal Year will be set forth in Appendix D. “Fiscal Year” means the period commencing on September 1st of each calendar year and ending on August 31st of each following calendar year. Production is defined as the actual collected

revenue reported by you to Dale Carnegie. This reported revenue number is the number credited against your Guaranteed Minimum Production.

B. **Guaranteed Minimum Production Offset:** A GMP Shortfall Offset allows a franchisee to use production from the immediately preceding year, provided the franchisee achieved at least 75% of the Territory Revenue Potential in that year for their territory. For example, a territory has a total Territory Revenue Potential of \$1,00,000.00, with a total Guaranteed Minimum Production of \$500,000 and has revenue of \$800,000 in Year 1, \$400,000 in Year 2 and revenue of \$450,000 in Year 3. In Year 2 \$300,000 can be carried forward from Year 1 to eliminate the GMP shortfall. However, since the territory did not achieve 75% of the Territory Revenue Potential in Year 2, there is no carry forward into Year 3, which results in a GMP shortfall of \$50,000.

- In order to use the Guaranteed Minimum Production Offset, production in the immediate year prior to the shortfall year must have met or exceeded 75% of the contractual Territory Revenue Potential (TRP);
- The GMP Shortfall Offset may be used in any year that the above qualification has been met;
- The Franchisee's account with Dale Carnegie must be current at the time the offset is requested. All reports must be properly filed and accepted.
- The GMP Shortfall Offset request must be in writing and received by Dale Carnegie within 30 days of the year-end wherein the GMP Shortfall occurred.

9.11 Client and Attendee Complaints and Refund Requests

You will respond to complaints and requests for refunds from clients and attendees of Carnegie Programs in a manner which will not detract from the reputation or goodwill associated with us, the Carnegie Programs or the Marks, and as set forth in the Operations Manual and Business Model.

9.12 Testimonials and Endorsements

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

9.13 Scholarships

Within thirty (30) days after the commencement of each calendar year, you may submit to us a scholarship plan for such calendar year listing your scholarship criteria and the number of full and partial scholarships to be granted by you within your Territory during such calendar year.

9.14 Accreditation of Franchisee

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

9.15 Strategic/Global Accounts Program

A. You will be required to participate in the Strategic/Global Accounts Program (the “Strategic/Global Accounts Program”). A “Strategic/Global Account” is a current or prospective client for Carnegie Programs that has locations in two or more territories (whether franchised or owned by us); requests training on a regional, national or global basis; has the potential for annual sales revenue from Carnegie Programs of more than \$50,000; and is on the Strategic/Global Accounts list prepared by the Strategic/Global Accounts Committee, in accordance with the Operations Manual and Business Model. The “Strategic/Global Accounts Committee” consists of eight (8) individuals, four (4) of whom are appointed by us and four (4) of whom are appointed by the Dale Carnegie Sponsors’ Association.

B. The Strategic/Global Accounts Program will be conducted as set forth in the Operations Manual and Business Model, and as follows:

1. All Strategic/Global Accounts contracts (“Strategic/Global Accounts Contracts”) must be substantially in a form prescribed by the Strategic/Global Accounts Committee, are subject to approval by the Strategic/Global Accounts Committee, and will be entered into by us and the Strategic/Global Account. The Strategic/Global Accounts Committee will establish guidelines, including maximum pricing guidelines, which we will approve or disapprove, in our sole discretion, for inclusion in a Strategic/Global Accounts Contract.

2. For each Strategic/Global Account, we will designate, in our sole discretion, a franchisee or company-owned Carnegie Business (including a DC&A Center of Excellence) as the “responsible person” for that Strategic/Global Account. If you are the responsible person for a Strategic/Global Account, you must provide Carnegie Programs to that Strategic/Global Account in your Territory, as required under the Strategic/Global Accounts Contract. If you are not the responsible person for a Strategic/Global Account, you must provide Carnegie Programs to that Strategic/Global Account in your Territory if required under the Strategic/Global Accounts Contract, and must cooperate with the responsible person in providing such Carnegie Programs. You agree to comply with the terms (including, without limitation, the pricing terms) of any Strategic/Global Accounts Contract requiring the provision of Carnegie Programs in your Territory.

3. If you are the responsible person for a Strategic/Global Account, you will receive all revenues from Carnegie Programs you provide to that Strategic/Global Account in your Territory and a percentage of the gross revenues (as set forth in the Operations Manual and Business Model) from the Carnegie Programs provided to that Strategic/Global Account outside of your Territory by another franchisee or a company-owned Carnegie Business (including a DC&A Center of Excellence). You acknowledge and agree that, if you are not the responsible person for a Strategic/Global Account, then a percentage of the gross revenues (as set forth in the Operations Manual and Business Model) from the Carnegie Programs provided to that Strategic/Global Account by you in your Territory will be received by the responsible person for that Strategic/Global Account.

4. We will perform all invoicing, revenue collecting and disbursements concerning all Strategic/Global Accounts Contracts, except where prohibited by local law.

C. We reserve the right to modify or terminate (and thereafter to reinstate) the Strategic/Global Accounts Program upon notice to you.

D. You acknowledge and agree that your provision of services to any Strategic/Global Account is restricted to your Territory and that you have no rights to provide such services except in the manner and to the extent specifically granted under this Section 9.15 and as described in the Operations Manual and Business Model.

9.16 Computer System

You will install and use the proprietary software programs which have been developed by us or on our behalf and other software programs as set forth in the Operations Manual and Business Model. You will execute, concurrently with the execution of this Agreement, our standard form Software License Agreement in the form of Exhibit C (the "Software License Agreement").

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

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

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

9.17 Electronic Commerce

A. You may not maintain a World Wide Web site or otherwise maintain a presence or advertise on the Internet or any other public computer network (each a "Web Site") in connection with the Business, unless you obtain our prior written approval, which we may grant or deny in our sole discretion. You may never conduct Carnegie Programs other than in person

B. If we grant approval for you to maintain such a Web Site or presence, then you must comply with the following requirements, and any and all applicable requirements set forth in the Operations Manual and Business Model:

1. You will not provide or conduct any Carnegie Programs over the Internet or any other remote communications mode now or hereafter developed; the franchise and license granted by this

Agreement is limited to providing and conducting Carnegie Programs through a direct in-person mode of training only.

2. You will procure and install, at your expense, the computer hardware, software, server(s), router(s), connections and other related accessories, peripherals and equipment sufficient to meet reasonably anticipated electronic client traffic.

3. You will submit to us for approval before use your proposed HTML documents (and documents in any other hypertext markup language) including, without limitation, all proposed links, frames and meta tags, and true and correct printouts of all Web pages you propose to use in your Web Site(s) in connection with the Business. You understand and agree that our right of approval of all Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with our Marks. You may only use Web materials which we have approved. Your Web Site(s) must conform at all times to all of our Web Site requirements set forth in the Operations Manual and Business Model or otherwise in writing.

4. You will provide all hyperlinks or other links that we require. You may not use any of the Marks on your Web Site(s) except as we expressly permit, and any such use will be under license from us. You may not post any of our Confidential Information or any other copyrighted material or information on your Web Site(s) without our prior written approval. If you wish to modify an approved Web Site, all proposed modifications must also receive our prior written approval.

You explicitly understand and agree that you may not post on your Web Site(s) any material in which any third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You will incorporate on your Web Site(s) any information we require in the manner we require as set forth in the Operations Manual and Business Model or otherwise in writing. You may maintain one or more E-mail addresses and may conduct individual E-mail communications without our prior written approval. You must obtain our prior approval as provided in Section 11.3 hereof if you propose to send advertising to multiple addressees via E-mail.

5. If we so require, you will provide links on your Web Site(s) to any Web Site(s) we maintain, and will do so in the manner we require. You will incorporate on your Web Site(s) any other information we require in the manner we require as set forth in the Operations Manual and Business Model or otherwise in writing.

6. You must obtain our prior written approval for each Internet domain name, home page address, and/or URL you use in connection with your Business. We will be, and at all times remain, the sole owner of the domain name(s), home page address(es), and URL(s) for the Web Site(s) you maintain in connection with the Business. We will arrange for the centralized registration of the domain name, home page address, and URL for each such Web Site at your expense.

7. We may furnish you with materials for your Web Site(s), which you will adapt, localize, translate and utilize, but we will be and at all times remain the sole owner of the copyrights for all material which appears on your Web Site(s).

8. We will have the right to monitor your Web Site(s) at all times.

9. All revenues (including, without limitation, any advertising-related revenues) from any Web Site which you establish or maintain will be included in Gross Revenues and subject to the royalty, advertising and other fee provisions of this Agreement.

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

11. All material and information which appears on any Web Site(s) maintained by you in connection with the Business will constitute Confidential Information as defined in Article 13 of this Agreement.

9.18 Indemnification

You hereby agree that you will at all times defend at your sole cost, and indemnify and hold harmless to the fullest extent permitted by law, DC&A and our Affiliates, the affiliates, successors, assigns and designees of each, and the respective directors, officers, employees, agents, shareholders, designees, contractors, representatives and attorneys of each (DC&A and all others collectively referred to as the "Indemnitees") from all losses and expenses (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, formal or informal inquiry (regardless of whether reduced to judgment) or any settlement thereof which actually or allegedly, directly or indirectly arises out of, is based upon, is a result of or is related to any of the following: the Business, Centers or Training Facilities or any other facility where you are offering or conducting Carnegie Programs; any claims by your creditors; any personal injury or death suffered by any client, customer, Carnegie Program attendee, visitor, employee or guest of the Business, any Center or Training Facility or of any other facility where you are offering or conducting Carnegie Programs and/or conducting any aspect of the Business; claims of any type or nature advanced by or against you or any of your officers, directors, management, employees, agents, servants, contractors, shareholders, partners, proprietors, affiliates or representatives of any of them (or any third party acting on your behalf or at your direction), or between or among themselves; all acts, errors or omissions of any of your contractors, subcontractors or others when designing, constructing, converting, remodeling, renovating or otherwise performing any work upon any Center or Training Facility; crimes committed on or near any of the Centers or Training Facilities or any other premises or facilities of the Business or any other facility where you are offering or conducting Carnegie Programs; your operation of the Business; claims of liability for products manufactured or services performed by third parties which are offered, sold or utilized by you, the Business, the Centers and/or Training Facilities; your alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties; your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, regulation, ruling, standard or directive applicable to the Business, Centers and/or Training Facilities, whether within or outside the Territory, or of any industry standard; libel, slander or any other form of defamation by you; your alleged or actual violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement; any acts, errors, neglects or omissions of you or the Business, and/or the officers, directors, management, employees, agents, servants, contractors, shareholders, partners, proprietors, affiliates or representatives of any of them (or any third party acting on your behalf or at your direction), whether in connection with the Business or otherwise, including (without limitation) injury or death suffered or caused by any delivery person or vehicle serving the Business; all liabilities arising from or related to your offer, sale and delivery of products and/or services as contemplated by this Agreement; latent or other defects in any of the Centers or Training Facilities or any other facility where you are offering or conducting Carnegie Programs and/or conducting any aspect of the Business, whether or not discoverable by us or you; any service or product provided by you at, from or related to the operation of the Centers or

Training Facilities or any other facility where you are offering or conducting Carnegie Programs and/or any other facility where you are conducting any aspect of the Business; any action by any of your clients, customers, Carnegie Program attendees or visitors to the Centers or Training Facilities or any other facility where you are offering or conducting Carnegie Programs or any other facility where you are conducting any aspect of the Business; and, any damage to our property or any property of our Affiliates, and/or our and their officers, directors, management, agents, employees and contractors.

For the purpose of this Section 9.18, the term “losses and expenses” includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; court costs and expenses; lost profits; reasonable attorneys’ and experts’ fees and disbursements; settlement amounts; judgments; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals, or governmental or quasi-governmental entities (including those of Indemnitees’ attorneys and/or experts); and, all expenses of refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

You must give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation within five days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to any such defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

In order to protect persons or property, our reputation or goodwill, or the reputation or goodwill of others, we may, at any time as we deem appropriate, offer, order, consent or agree to settlements or take any other remedial or corrective actions we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so.

All losses and expenses incurred under this Section 9.18 will be chargeable to and paid by you pursuant to your indemnity obligations under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

Indemnitees assume no liability for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You will hold harmless and indemnify Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of these third parties.

Under no circumstances will Indemnitees be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from you.

Specifically excluded from this indemnity is any liability arising from the negligence or intentional willful misconduct of Indemnitees, except to the extent that joint liability is involved, in which event the indemnification provided by this Section 9.18 will extend to any finding of comparative negligence or contributory negligence attributable to Franchisee or any of the Indemnitees, as the case may be.

9.19 Inspection and Operational Audit

You agree that we or any of our authorized agents or representatives may, on as little as one days' notice, at any time during normal business hours enter on the Centers, Training Facilities and any other facilities of the Business, and/or visit any locations at which you are conducting or have conducted Carnegie Programs, to conduct an operational audit to determine compliance with this Agreement and with our standards and policies set forth in the Operations Manual and Business Model. Our representatives may confer with the Trainers, and your other employees, personnel, customers and clients and persons who currently or previously attended your Carnegie Programs. We will take reasonable precautions to minimize any unavoidable disruption to any class or program, and to minimize any imposition on you or your customers.

Following any inspection and operational audit, and subject to the other provisions of this Agreement, we will provide you with a written report of our findings, and our recommendations to improve the Business. You will incorporate into the Business any corrections and modifications we require to maintain the standards of quality and uniformity prescribed in the Operations Manual and Business Model, at your own expense, as quickly as is reasonably possible.

9.20 Entity Franchisee Requirements; Records

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

1. Furnish to us, upon execution of this Agreement, a completed Exhibit F hereof. You will thereafter promptly advise us of any change in the information contained in Exhibit F and promptly furnish to us an updated Exhibit F when requested by us. You warrant, represent, and covenant to us that all of the information furnished in the completed Exhibit F is true and correct as of the Effective Date of this Agreement, and when subsequently furnished to us.

2. Appoint an individual to act as the entity's principal representative (the "Franchisee Principal") in such entity's contacts with us under this Agreement, as provided in Exhibit F hereof. The appointment of the Franchisee Principal (and any successor Franchisee Principal) must receive our prior written approval. Upon the death or disability of the Franchisee Principal, or the termination of the Franchisee Principal's status as Franchisee Principal, you must notify us and designate a successor Franchisee Principal no later than ten (10) days following any such death, disability or termination. You agree that we will be entitled to conclusively presume that the Franchisee Principal has the requisite authority to act on your behalf and bind you.

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

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

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

B. If you are a limited partnership, the provisions set forth in subsection (A) above will apply to your corporate general partner.

9.21 Services, Products, Equipment, Programs and Intellectual Property Developed by Franchisee

You agree that all discoveries, inventions, creative works, and other developments pertaining to Franchisor's business made by you, whether alone or with others, or on your behalf, during your terms as Franchisee, are exclusively the property of and owned by Franchisor, whether as works for hire or otherwise. Such discoveries, inventions, creative works, and other developments pertaining to Franchisor's business shall include, but are not limited to: programs, services, products, merchandise, goods, equipment, and/or programs used or sold by the Business; your means, manner, and style of offering and conducting Carnegie Programs; any business products and services developed for the Business (including, without limitation, any computer software or programs); all intellectual property created for, adopted by, or purchased for the Business; and all sales, marketing, advertising, and promotional programs and campaigns developed for the Business. In accordance with this provision, Franchisor and Franchisor's Affiliates and franchisees shall not be liable to you in any manner, whether for compensation or otherwise, for any use they make of any of your discoveries, inventions, creative works, and other developments pertaining to Franchisor's Business. Franchisor grants you a fully paid license to use the discoveries, inventions, creative works, and other developments made by you or on your behalf in conjunction with your business as a franchisee, for as long as you are a franchisee.

Furthermore, in order that Franchisor may benefit fully from your discoveries, inventions, creative works, and other developments pertaining to the Franchisor's Business, you agree to disclose to Franchisor all such discoveries, inventions, creative works, and other developments pertaining to the Franchisor's Business within a reasonable time after their creation. You also agree to assign to Franchisor all such discoveries, inventions, creative works, and other developments pertaining to the Franchisor's Business. In addition, you agree to execute and deliver such papers, documents, drawings, and descriptions (including executed patent applications, assignments, affidavits, and the like) and render such further assistance as may from time to time be deemed desirable or necessary to vest and maintain in the Franchisor the entire right, title, and availability in, to, and of such discoveries, inventions, or other developments, and creative works and their related copyrights.

9.22 Variance of Standards and Terms

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

9.23 Priority of Payments to DC&A After Transfer

If you purchased your rights under this Agreement through a transfer from an existing DC&A sponsor or franchisee, then you agree that our right to receive the payments from you required under this Agreement (including, without limitation, all Monthly Royalty, Minimum Royalty, Marketing Contributions, and payments for Materials) shall be superior to the right of such transferor sponsor or franchisee to receive any payments from you in satisfaction of any amounts owed by you to such transferor as a result of the transfer.

10. INSURANCE

10.1 Required Insurance Coverage

We prescribe minimum standards and limits for certain types of required insurance coverage herein and in the Operations Manual and Business Model. We may modify the required minimum limits of insurance coverage from time to time by written notice to you, through Supplements to the Operations Manual and Business Model. You will immediately purchase insurance conforming to the newly established standards and limits.

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

1. Broad form comprehensive general liability coverage and broad form contractual liability coverage of at least \$1,000,000 per occurrence, \$2,000,000 general aggregate. This insurance may not have a deductible or self-insured retention of over \$5,000.

2. Automobile liability coverage, including coverage of owned (if operated in the business), non-owned and hired vehicles, with minimum limits of liability per vehicle in the greater of (i) the amount required by all applicable state and federal laws, or (ii) \$1,000,000 combined single limit for each person killed or injured, and for injury, destruction or loss of use of property of third persons as the result of any one accident.

3. A broad form Umbrella Policy of \$3,000,000 over the underlying automobile, workmen's compensation and general liability policies is also required.

4. Fire and Extended Coverage Insurance on the Center(s) and Training Facilities and property in an amount adequate to replace them in case of an insured loss.

5. In connection with any construction, refurbishment or remodeling of the Center(s) and/or Training Facilities, builders' and/or contractor's insurance (as applicable) and performance and completion bonds in forms and amounts acceptable to us.

6. Insurance coverage that covers your indemnification hereunder of DC&A and our Affiliates, the affiliates, successors, assigns and designees of each, and the respective directors, officers, employees, agents, shareholders, designees, contractors, representatives and attorneys of each, and as required by law.

B. The insurance coverage you are required to acquire and maintain must:

1. Name DC&A and the other Indemnitees identified in Sections 9.18 and 10.1.A.6 hereof as Additional Insureds.

2. Contain provisions that state that the aggregate amounts of insurance will not be less than the above-stated limits at any time, and no provision preventing the assignment of any claim you may have against your insurers to any Indemnitee under Sections 9.18 and 10.1.A.6 hereof making a claim against you.

3. Be primary to and without right of contribution from any other insurance purchased by Indemnitees.

4. Provide, by endorsement, that DC&A is entitled to receive at least thirty (30) days' prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.

You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without our prior written consent.

10.2 No Undertaking or Representation

Nothing contained in this Agreement may be considered an undertaking or representation by us that the insurance that you are required to obtain will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of the Business.

10.3 Certificates of Insurance

You will promptly provide us with Certificates of Insurance evidencing the required coverage no later than ten (10) days before the Commencement of Operation of the Business. You will renew all insurance policies and documents, and on renewal, furnish a renewal Certificate of Insurance to us at least thirty (30) days before the expiration date of the policy in question. We may at any time require you to forward to us full copies of all insurance policies.

10.4 Notice of Claims and Demands

You will notify us of all claims or demands against you, the Business, the Center(s), any Training Facility, us and/or any other Indemnitee(s) within five (5) days of your receiving notice of any claim or demand. You further will respond to all claims within the time required by law, rule or regulation. In addition, you will cooperate with us (or our designee) in defending against all claims made by employees, clients or third parties. You agree, when necessary, to make appearances at administrative or other hearings to present or support these defenses.

11. ADVERTISING

11.1 Advertising Standards

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

You may only use advertising which we have either sold to you or approved in writing in advance, as provided in Section 11.3 below. You will conduct all advertising which uses the Marks or refers in any way to the Business in a dignified manner, and in a manner calculated to avoid fraud, deception, misrepresentation or impairment of the goodwill of the Marks, the Business, the Carnegie System, the Carnegie Programs, the Center(s), the Training Facilities or our other franchisees. You will conform all advertising to the standards, specifications and requirements specified in the Operations Manual and Business Model.

If you breach the provisions of this Section 11.1, we will notify you in writing of the facts which we believe have given rise to the breach. If you do not cure the breach within three (3) days following delivery of this notice, then we may terminate or remove any unauthorized advertising at your expense.

11.2 Submission of Catalog Information

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

11.3 Submission of Proposed Advertising

Except for advertising materials, programs and campaigns which we sell to you (all of which we recommend, but do not require, you to use), you will electronically transmit to us for approval, before use or dissemination, copies of all proposed advertising. If we do not respond within five (5) business days following our documented receipt of your proposed advertising material, this will constitute approval. If we disapprove of any advertising, we will promptly advise you in writing and state the basis of our disapproval so that you may attempt to alleviate the basis for our objection. Our written notice of disapproval will be final, not subject to challenge and given for the sole purpose that you may change your proposed advertising to meet our approval.

You acknowledge that our grant or denial of approval under this Section 11.3 will not give rise to any liability on our part.

11.4 Annual Minimum Territory Development Expenditure

Beginning in the first Fiscal Year and continuing thereafter annually throughout the Term of this Agreement, you agree to spend an amount equal to not less than five percent (5%) of Gross Revenues on marketing, advertising, promotion, public relations, education, training or other types of expenditure reasonably calculated to develop and satisfy demand in the Territory for Carnegie Programs (the "Minimum Territory Development Expenditure").

You must maintain accurate books and records evidencing your development expenditures and, within thirty (30) days after the end of each Fiscal Year, must send us, in the form and manner set forth in the Operations Manual and Business Model or otherwise in writing, reports concerning the nature of your development expenditures for such Fiscal Year and documents and/or other materials constituting proof of your expenditure of the amounts required under this Section 11.4. You must also include a line item reflecting the amounts so spent annually in your financial statements required to be furnished to us pursuant to Section 12.1 hereof.

11.5 DC&A's Advertising and Promotional Activities

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

We are not a fiduciary with respect to any of our franchisees' Marketing Contributions, and the aggregate of our franchisees' Marketing Contributions is not a trust or an "advertising fund." We need

not maintain the Marketing Contributions paid by our franchisees or income earned from these Marketing Contributions in a separate account from our other funds.

We reserve the right to use any media, create any programs and allocate advertising and promotional expenditures to any regions or localities as we consider appropriate; provided, that we will use our best efforts not to routinely spend Marketing Contributions in a way likely to benefit only (or predominantly) markets that we (or an Affiliate) control, or one territory or region only, although you acknowledge and agree that such spending may occur from time to time. While we will consult with franchisees concerning our advertising and promotional activities in accordance with Section 8.11, we alone will direct all of our advertising programs and promotions with sole control over the creative concepts, materials and media used in the programs, and the placement and allocation of advertising. The Marketing Contributions may be used to meet any and all costs of administering, directing, preparing, placing and paying for global, national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, tele-marketing and World Wide Web/Internet advertising and marketing campaigns and other public relations activities) and employing public relations firms and advertising agencies to assist in these activities, including fees to have print, broadcast or World Wide Web/Internet advertising placed by an agency and all other advertising agency fees. We will also spend Marketing Contributions for directly related administrative expenses and overhead that we incur in activities related to the administration or direction of advertising and promotional programs and new Carnegie Program development and research including, without limitation, conducting market research; preparing marketing and advertising materials; working with public relations firms, advertising agencies, advertising placement services and creative talent; preparing and maintaining, and paying third parties for the preparation and maintenance of, World Wide Web pages and sites; other activities related to advertising and promotion via the Internet and/or other public computer networks; and, collecting and accounting for the Marketing Contributions. We will not spend the Marketing Contributions on our stationery or on international or other conventions. Any portion of Marketing Contributions we do not spend in the year in which they were collected will be carried over to the following year without any deduction for any state or federal income taxes that may be due by reason of the fact that all Marketing Contributions were not spent in the year they were collected.

We will contribute an amount equal to three percent (3%) of the Gross Revenues of our company-owned Carnegie Businesses to the aggregate of Marketing Contributions we collect from our franchisees. We have no obligation to contribute any more than that amount from any source including, without limitation, Monthly Royalties or other fees we receive from you or our other franchisees and revenues generated by the activities contemplated in Section 3.3 and Article 4.

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

12. RECORDS, AUDITS AND REPORTING REQUIREMENTS

12.1 Financial Statements and Business Plans

A. Within 120 days after your fiscal year end (or 150 days if your fiscal year end is on or about December 31), you must furnish us, in a form set forth in the Operations Manual and Business Model, a statement of your Business's profit and loss for such year and a balance sheet as of the end of such year, reviewed by a certified public accountant and certified to be true and correct by you. Such annual financial statements must also set forth as a separate line item the amount spent on your Minimum Territory Development Expenditure during such year. As an alternative, you may furnish us with financial statements compiled by a certified public accountant and your most recent tax returns for your Business.

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

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

D. Before our execution of this Agreement and on June 1st of each succeeding year, you must deliver to us a business plan (a "Business Plan") for your Business for the period beginning on September 1st of the year in which the Business Plan is submitted and ending 36 months thereafter, to include, without limitation, a forecast, budget plan, strategic marketing plan (including local advertising and promotion and lead tracking), a training plan for you and your staff, business management plan and plans for community involvement. The requirements and format of the Business Plan will be set forth in the Operations Manual and Business Model.

12.2 Financial Records and Audit

A. You must record all revenues received by your Business and all expenditures (including the Minimum Territory Development Expenditure as specified in Section 11.4), keep and maintain adequate records of these revenues and expenditures, and maintain and preserve accurate books, records and tax returns, including related supporting material (such as cash receipts, and credit and charge records) and such other records or information as is set forth in the Operations Manual and Business Model, for your Business for at least three (3) years. You will allow us, on as little as one business days' notice, to inspect, copy and audit such records, both at your office and remotely by electronic means. We will keep such information strictly confidential, except that we may disclose such information (a) as necessary to our Affiliates, officers, directors, employees, agents, representatives and attorneys; and (b) as we may choose in our Offering Circular.

B. If an audit reveals that you understated the Gross Revenues in your Monthly Reports by an amount less than or equal to three percent (3%) for any month within the period of examination and/or for the entire period of examination, then you will immediately pay us the additional amount payable as shown by the audit, plus interest at the rate set forth in Section 6.8.

If an audit reveals that you understated the Gross Revenues in your Monthly Reports by an amount greater than three percent (3%) but less than fivepercent (5%)for any month within the period of

examination and/or for the entire period of examination, then you will immediately pay us (1) the additional amount payable as shown by the audit, plus interest at the rate set forth in Section 6.8; and (2) an amount equal to fifty percent (50%) of the amount due under subsection (1) of this sentence, as a penalty; and (3) the full cost of the audit for the entire period of examination. In addition, we may terminate this Agreement pursuant to Section 18.2.

If an audit reveals that you understated Gross Revenues in your Monthly Reports by an amount of five percent (5%) or more for any month within the period of examination and/or for the entire period of examination, then you will immediately pay us (1) the additional amount payable as shown by the audit, plus interest at the rate set forth in Section 6.8; and (2) an amount equal to one hundred percent (100%) of the amount due under subsection (1) of this sentence, as a penalty; and (3) the full cost of the audit for the entire period of examination. In addition, we may terminate this Agreement pursuant to Section 18.2.

13. CONFIDENTIAL INFORMATION

13.1 Ownership and Restriction on Use of Confidential Information

A. Ownership

We represent to you that all Confidential Information (as defined below) is our exclusive property, with the exception of the Customer Lists (as defined in Section 13.3), which you permanently license to us under Section 13.3 hereof. We retain all rights to use such Confidential Information in any manner whatsoever in our sole discretion.

B. Restrictions on Use

You may use and permit the use of our Confidential Information solely in connection with the operation of your Business. You further will not – during the Initial Term or any Renewal Term of this Agreement, or at any time after this Agreement expires or terminates or your rights hereunder are assigned – divulge or use any Confidential Information for the benefit of any other person, corporation, partnership, association or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information; provided, however, that you may (i) disclose Confidential Information to a bona fide prospective purchaser of the Business if such purchaser agrees in writing (in a form acceptable to us) to maintain the confidentiality of such Confidential Information; (ii) sell, assign or transfer the rights to the use of Confidential Information granted to you hereunder in connection with the sale, transfer or assignment of the Business; and (iii) disclose Confidential Information as necessary to members of your Board of Directors or like body if you are an entity Franchisee, and as necessary to your attorney, accountant, tax advisor and banker.

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

Except as authorized in this Agreement, you agree never to copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing the Confidential Information in

whole or in part; store it in a computer, database or other electronic format; or, otherwise make it available to any third party by sale, transfer, assignment or any other means whatsoever. Upon the expiration or termination of this Agreement, you will return to us (or, upon our request, destroy and certify such destruction to us) all Confidential Information then in your possession.

You and your officers, directors, shareholders, management, Trainers, Trainer Candidates, sales personnel and employees may only use and divulge only such Confidential Information as is necessary to operate the Business, and then only on a "need to know" basis, to those of your officers, directors, shareholders, sales personnel, employees, management personnel, Trainers, Trainer Candidates, agents, professional advisers, bankers or independent contractors who need access to it for this purpose. You will take all necessary precautions to ensure that these individuals, as well as all persons listed in Section 14.5, retain the Confidential Information in confidence and comply with the restrictions of this Section 13.1 or in accordance with the Trainer Confidentiality/Non-Competition Provisions (as defined in Section 14.5), as applicable. Your agreement to procure execution of the Confidentiality/Non-Competition Agreement or the Trainer Candidate Contract containing Trainer Confidentiality/Non-Competition Provisions from most of these individuals is set forth in Section 14.5.

13.2 Enforcement of Restrictions on Use of Confidential Information

You acknowledge that violation of the obligations set forth in Section 13.1 would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of Section 13.1. You expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the obligations set forth in Section 13.1. You will pay all costs and expenses, including reasonable attorneys' and experts' fees and disbursements, incurred by us in connection with the enforcement of the obligations set forth in Section 13.1. Notwithstanding the foregoing, we will be entitled to any other remedies available at law or in equity.

13.3 Customer Lists

You permanently license to us the rights to use your client lists, customer lists, lists of attendees at Carnegie Programs conducted by your Business, lists of Trainers and lists of past and present Trainer Candidates (together "Customer Lists") in any manner whatsoever, including, but not limited to: (a) promotion and marketing (including the right to exchange ("swap") the lists with third parties for marketing purposes in any manner); and (b) providing the list to a new franchisee upon either the expiration or termination of this Agreement (or using the list ourselves if we choose to operate a Carnegie Business in the Territory upon such expiration or termination). You retain only the right and obligation to use the Customer Lists in furtherance of the Business (unless we grant you prior written approval to use the Customer Lists for some other purpose, which approval will not be unreasonably withheld, and will not be withheld solely on the basis that the intended use is unrelated to the Carnegie System) and to sell the Customer Lists in a useable form (as set forth in the Operations Manual and Business Model) upon a transfer of this Agreement or the Business in accordance with Article 15.

14. COVENANTS NOT TO COMPETE

14.1 In-Term Covenant Not to Compete

You will not, during the Term of this Agreement, directly or indirectly engage in any other business (a "Competitive Business"): which is similar to your Business; which engages in any of the activities which this Agreement contemplates that you will engage in; or, which offers or sells any other

service, product or component which now or in the future is part of the Carnegie System, or any confusingly similar service, product or component.

You are prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you will not divert any business that should be handled by your Business to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business.

Further, during the Term of this Agreement, neither you nor we will hire or offer to hire the personnel of the other or of any of our other franchisees or sponsors without written permission.

You will cause your Franchisee Principal, shareholders, directors, officers, general partners (and shareholders, officers, directors and supervisory employees of the general partners), limited partners, members, proprietors and all beneficial owners (all as applicable), managers, supervisory employees and sales personnel to refrain from any of the competitive activities described above in any manner. Your agreement to procure execution of the Confidentiality/Non-Competition Agreement by these persons is set forth in Section 14.5 below.

14.2 Post-Term Covenant Not to Compete

You will not, for a period of one (1) year immediately following the expiration or termination of this Agreement for any reason, directly or indirectly engage in any Competitive Business.

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

Further, for one (1) year after the termination or expiration of this Agreement for any reason, you will not hire our personnel or personnel of our Affiliates or of any of our other franchisees or sponsors without our written permission.

You will cause your Franchisee Principal, shareholders, directors, officers, general partners (and shareholders, officers, directors and supervisory employees of the general partners), limited partners, members, proprietors and all beneficial owners (all as applicable), managers, supervisory employees and sales personnel to refrain from any of the competitive activities described above in any manner. Your agreement to procure execution of the Confidentiality/Non-Competition Agreement by these persons is set forth in Section 14.5 below.